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Military Delegation Departs for France

LD0106164495 Tirana Radio Tirana in English 1600 GMT 1 May 95

[FBIS Transcribed Text] An Albanian military delegation headed by the head of the Albanian Army headquarters, Sheme Kosova, left for France at the invitation of the French counterpart, the General Lanxade. The Albanian delegation is to conduct talks on wider cooperation in the field of defense between Albania and France and the formulization of the peacekeeping activities in the framework of the Partnership For Peace initiative.

Serreqi: 'High Time' for 'Preventive Diplomacy'

AU0106205295 Tirana TVSH Television Network in Albanian 1800 GMT 1 Jun 95

[FBIS Translated Text] The Albanian delegation presided over by Foreign Minister Alfred Serreqi returned home today after attending a meeting of the foreign ministers of the North Atlantic Cooperation Council, which was held in Noordwijk in Netherlands on 31 May.

The 1995 report on the process of reviewing and planning the Partnership for Peace [PFP] states that Albania considers the PFP and cooperation within this framework as the first stage of being fully integrated into NATO. For this, there are no constitutional, judicial, or political restrictions.

In his speech, Mr. Serreqi focused on the grave situation in Bosnia-Herzegovina and the issue of Kosova. Referring to the Kosova issue, Minister Serreqi pointed out that there cannot be a solution to the problem of the former Yugoslavia without the participation of the Albanians. The nonexpansion of the conflict to the south is an element that should be supported and strengthened through a Prishtina-Belgrade dialogue in the presence of a third, neutral, party. Today, more than ever, it is high time for the international community to develop preventive diplomacy in this area that is rife with dangers.

We remain loyal to the idea that general security is closely related to the security of each country in particular. On the other hand, the political, strategic, and economic integration of Europe is a guarantee for the general security, Serreqi concluded.

Police Block Vehicles Smuggling Fuel to Montenegro

AU0206064695 Tirana TVSH Television Network in Albanian 1800 GMT 31 May 95

[Announcement by the Albanian Interior Ministry]

[FBIS Translated Text] The Interior Ministry reports that intensive work is continuing in Malesi e Madhe to fully observe the embargo against Montenegro. Thus, the district police commissariat has seized and blocked a number of vehicles that smuggled fuel and various food products across the border.

The police are working to close the border fully by allowing no citizen to conduct such an illegal activity.

Albanian To Chair Black Sea Conference in Moscow

LD0106170695 Tirana Radio Tirana in English 1600 GMT 1 Jun 95

[FBIS Transcribed Excerpt] The Albanian delegation left for the Russian Federation to participate in the fifth session of the Parliamentary Assembly for the Black Sea Economic Cooperation, which is due to be held in Moscow. Peter Arbnori, the speaker of the Albanian parliament, is to chair the session. [passage omitted]

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Weiss: Bad Image Blocking NATO Membership

AU0106170795 Bratislava NARODNA OBRODA in Slovak 31 May 95 p 3

[Interview with Peter Weiss, chairman of the Party of the Democratic Left, by Ivan Horsky; place and date not given: "Let Us Not Waste Our Chance by Domestic Policy"]

[FBIS Translated Excerpt] [Passage omitted] [Horsky] According to several sources, however, if not actual disputes, at least different diction was used in the North Atlantic Assembly regarding the problems connected with the creation of a new security structure. U.S. Assistant Secretary of State Holbrooke was allegedly much more moderate than, let us say, the German representatives.

[Weiss] If we were to make comparisons of form, then we would have to draw certain conclusions from the declaration made by the chairman of this forum, German social democrat Karsten Voigt. According to Voigt, the preliminary preparations should be made in 1996, and decisions should also be made at that time; the pact-member countries should ratify the document at the end of that year and in 1997, and some states could become NATO members as early as 1998 or 1999. Holbrooke only said that no time schedule has been drawn up.

[Horsky] According to Peter Weiss, there is no need to seek some profound contradictions here, for, according to him, the renowned Clinton statement applies: "It is not a question of whether, but how, when, and by whom the alliance will be expanded."

Slovakia is, at times, keeping up well with the group that, it is said, could be the first to reach the harbor called NATO, and at other times it is not. This means the Visegrad Four countries, and Slovenia is ever more frequently included here.

[Weiss] It is our moment of truth. It is high time to start with serious politics. In this context, however, I would like to point out that although our country has been named among the first candidates, a number of conditions must be satisfied before joining—the observance of the rules of democracy that are common in the pact countries, progress in the implementation of the market economy, the protection of human and civic rights, and the freedom of the press are particularly emphasized, as well as observing the standards of the rights of ethnic minorities and civilian control of military units.

[Horsky] We learned in the lobbies, the deputy recalls, that many U.S. congressmen have been contemplating the idea that Poland and the Czech Republic would get priority in the first stage, and the other hopefuls would get their chance in the second stage.

[Weiss] At the same time, it is more a financial problem—as the expansion is connected with expenditures by both the current and the new members of the alliance.

[Horsky] Slovakia has, according to the chairman of the Party of the Democratic Left, a great chance. The West places high value on the fact that both Bratislava and Budapest managed to overcome the historical trauma and signed the basic treaty.

That is to our benefit. Nevertheless, we should openly admit that it is to our disadvantage that our partners perceive democracy in Slovakia as unstable.

[Weiss] It is time for the politicians to begin acting like statesmen, instead of childishly settling political accounts and various psychological frustrations, or creating scandals and attempting to dismiss the president, which all generate a bad image for Slovakia. It does not matter now whether Johnny or Jimmy wins—what matters is the state. I can say only one thing for myself: I have a 16-year-old daughter and a 14-year-old son, and I am not bringing them up to live outside their home country. Therefore, I have a great interest in Slovakia being a stable democratic and prospering state.

Shareholders' Vote Reduces PSIPS Capital

95CH0256D Bratislava TREND in English 29 Mar 95 p 27A

[Summary of article "Reduction of Initial Capital in PSIPS Fund Will Satisfy Some Shareholders and Hurt Others" by Eduard Zitnansky on Page 3B]

[FBIS Transcribed Text] At the extraordinary general shareholders meeting on March 23 of the investment fund PSIPS [First Slovak Investment Privatization Company], j.s.c. of Banska Bystrica, the shareholders voted to lower the equity capital of the fund by 39.9 percent.

The fund will withdraw 1.5 million of the PSIPS shares that will be bought out on the board of directors' call.

By lowering the capital, the fund wants to collect money to keep its promise to voucher booklet holders from the first wave of voucher privatization. The fund promised to pay 20,000 Slovak korunas [Sk] ($625) to everyone who would sell 20 shares. Last year, some 70,000 shareholders signed such a contract with the fund. The fund was supposed to purchase the shares by March 6, 1995.

In the first wave of voucher privatization, over 200,000 citizens subscribed some 188 million investment points

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to PSIPS. With those points, PSIPS purchased shares of some 154 companies in both the Czech and Slovak Republics and then issued 3,760,826 shares. The PSIPS shareholders received 20 shares for each 1,000 points (a complete voucher booklet) they subscribed to the fund.

PSIPS began to face serious difficulties last year after an audit by the Finance Ministry discovered the fund would not be able to keep its public promises. In September, the Ministry decided that the fund will have a forced management, and in March PSIPS lost its license. Without the license, a company cannot carry out activities connected with collective investment. At the shareholders' meeting, the fund's officials denied all the accusations of mismanagement and claimed that all the steps they took were in accordance with Slovak law.

The 39.9 percent lowering of the PSIPS equity capital was agreed to by 648,002 votes, representing 98.97 percent of the registered shares. Holders of 80 shares were against the decision. Small shareholders worth 6,704 shares, or 1.02 of those registered, left the meeting in protest.

It is likely that the Finance Ministry will have a closer look at the activities related to the extraordinary general meeting. Several shareholders said at the meeting that they will file charges against the fund because the resolution from the meeting was invalid.

Media Market, Television Licensing Discussed

95CH0256C Bratislava TREND in English
29 Mar 95 p 27A

[Summary of items from pages 4A and 5A concerning TV licensing in Slovakia]

[FBIS Transcribed Text] The hesitant approach of the television licensing authorities in Slovakia toward its domestic applicants for a nationwide broadcasting license plays into the hands of foreign TV companies.

With the exception of state-run television (STV), there is no other Slovak TV station licensed to cover all Slovakia via ground transmitters, as opposed to satellite broadcasters. This situation has opened doors for the Czech commercial television station Nova.

According to statistics, Nova has a larger Slovak audience than both STV channels together in the geographical areas where people have access to the channel.

Nova started in February 1994. Transferring the signal through ground broadcasters, it is able to reach Slovak viewers in the border area and those hooked to the rapidly growing cable networks. Because of 70 years of coexistence in a common state, Slovak viewers understand Czech fluently and have no language problem watching Czech television.

The body that grants broadcasting licenses in Slovakia is the Council for Radio and Television Broadcasting, appointed by parliament. In the case of a nationwide brodcasting license, the Council's decision must be confirmed by the parliament.

The Council has already organized two tenders to choose a private company to take over the second STV channel. Both times, the Council-approved company failed to win the parliament's blessing. Creative Television Bratislava in December 1993 and Espe Bratislava in April 1994 won the tenders in vain.

If a license applicant wants to provide only regional broadcasting, the Council's decision does not need a vote of approval in the parliament.

In the past two years, the Council licensed three local TV stations in Slovakia: TV Sever in Zilina, OTF-NTT in Nizna and TV Dolny Kubin. The latter two are both in the Orava region.

The Council also approved 20 local cable companies.

WN Danubius Film in Bratislava is one of the license holders for cable broadcasting and the owner of a TV station named Danubius Cable TV (DCTV). Danubius attempted to provide a signal to all cable networks in Slovakia via satellite starting in January. However, the project had to be withheld due to technical problems, and DCTV has since been broadcast only within Bratislava.

Last week, the Council concluded a public tender for a license to broadcast on the TA3 broadcasting circuit, which covers some 22 percent of the Slovak TV audience. Out of four companies that competed for the license, the Council chose Markiza, l.l.c., Blatne. The company should start broadcasting within a year.

The TA3 broadcast circuit of ground transmitters was built during communism to deliver programs to Soviet Television to Soviet military personnel stationed in the former Czechoslovakia. Markiza is required to invest Sk 350 mn to enlarge the capacity of the circuit so that it would reach 65 percent of the viewers.

The Council also gave a license to the company VTV, l.l.c., Zarnovica, for uncoded satellite broadcasting. Since this will cover the entire Slovak territory, VTV has to wait for approval in the parliament. The company plans to start broadcasting April 22.

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Along With Public Radio, There Are 17 Private Stations

The Council for Radio and TV Broadcasting has granted 27 radio licenses. Based on those licenses, there are 17 regional private radio companies in Slovakia.

For two years, the Association of Independent Radio Stations has been calling for justice, pointing out that Slovak Radio, the state-supported public giant, is in an advantageous position. Not only does it get money from listeners' fees, complain the private broadcasters, but Slovak Radio is the most attractive for advertisers because its signal covers almost the entire Slovak territory.

According to a listener survey conducted by AISA Slovakia and GfK-Slovakia, the Slovak Radio program S1 is listened to by more than 52 percent of the respondents. Rock FM Radio, another Slovak Radio station, is listened to by 34 percent.

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Ministry Denies Increased Aircraft in Border Area

AU0106190695 Budapest NEPSZAVA in Hungarian 1 Jun 95 p 4

[Unattributed report: "Mobilization of Air Force Denied"]

[FBIS Translated Text] According to reports sent by our provincial journalists, there has been an increase in the traffic of Hungarian combat aircraft and helicopters in the Balaton region and in the south-southwestern border region.

We learned from Defense Ministry sources that the Air Force has not been put on alert, and Defense Minister Gyorgy Keleti's statement continues to be valid, namely that no special measures have been taken in Hungary in connection with the Yugoslav conflict. No incident took place yesterday that would have warranted sending combat aircraft to the border. Since the bombing incident in Barcs, the Serbs have been sticking to the mutual agreement, and they enter the mutually accepted 10-km border zone or Hungarian airspace very rarely.

We have learned from the press department of the Defense Ministry that an air traffic corridor passes over Lake Balaton, a corridor used by the aircraft of the Air Force unit in Szentkiralyszabadja. Air traffic is always heavy in this region; very few people stay around Lake Balaton in winter, so there are few complaints. We have learned from a Defense Ministry official that similar complaints arrive every year, and tourists often complain of the noise.

There was a training day held at this unit this week, and this explains the heavier-than-usual traffic of combat aircraft in the region.

Foreign Minister on NATO Expansion, Membership

AU0106140895 Budapest NEPSZAVA in Hungarian 31 May 95 p 10

[Interview with Hungarian Foreign Minister Laszlo Kovacs by an unidentified reporter; place and date not given: "Everyone Sees the Expansion of NATO Differently"]

[FBIS Translated Text] [Kovacs] It was the first time that the NAA [North Atlantic Assembly] exceeded the geographical boundaries of NATO and chose Budapest as the venue for its spring session. This has the value of a signal, because it shows the appreciation of the Hungarian foreign policy, appreciation and support for our Euro-Atlantic efforts. Indeed, more reservations were voiced in connection with the planned expansion of NATO than previously. However, we are not talking at all about some kind of change in the position of the participants. When such a complex issue becomes concrete and is no longer only a general goal, it is natural that concerns, reservations, and problems also emerge, because the planned expansion affects a lot of different interests.

It is essential for NATO to preserve its defense capability in the course of its expansion. It must coordinate the interests of the 16 member states, because expansion means one thing for Germany in the middle of Europe, and something else for the small Luxemburg or the United States across the ocean. One should also take into consideration the interests and different conditions of those who wish to join the organization. There are countries that are not very important strategically and, therefore, Hungary or the Czech Republic, for example, do not represent a sensitive issue for Moscow. However, there are countries which, given their weight and strategic importance, are extremely important for Moscow, like Poland and the Baltic states. Finally, one should also take into consideration the interests of countries that will probably be excluded from the first phase of expansion, or might not even join NATO in the midterm.

[NEPSZAVA] The NAA is not a decisionmaking body; it can only give advice to the governments of member states.

[Kovacs] Indeed, we must always keep in mind that the delegates sitting here were parliamentary deputies of NATO members states, both ruling party and opposition deputies, and their responsibility is different from that of the respective governments. The atmosphere of the meeting and the content of its positions never reflect the position of the respective governments clearly; however, whatever happens here is an important signal. Although starting the process of expansion is the task of the respective governments and these governments will be the ones to decide, the respective parliaments will definitely influence these decisions. The respective parliaments will have to approve the expansion in most NATO member countries.

[NEPSZAVA) Western countries ask for the signing of basic treaties as a condition for NATO expansion. To what extent is this demand justified?

[Kovacs] If Hungary wants to join an organization, it makes no sense to argue whether the conditions are realistic or exaggerated. The organization in question definitely has the right to determine the conditions. As is well known, the Greek-Turkish conflict is causing a lot of trouble to NATO, so they do not want to import similar tensions; therefore, previous settling of the conflicts is a requirement. Apart from joining NATO, it is the eminent interest of Hungary and of its neighbors to settle their relations.

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[NEPSZAVA] Former Romanian Prime Minister Petre Roman said in the course of the debate that Hungary and Romania should join NATO simultaneously. Do you agree with this?

[Kovacs] From Hungary's viewpoint, the more countries in the region join NATO, the better for us, the more NATO will strengthen the security of this region. Of course, it is out of the question that Hungary might slow down the process regarding any of its neighbors. Hungary is working to promote the integration of its neighbors, rather than to slow this down.

[NEPSZAVA] Different opinions were voiced in the meeting on whether the countries in this region should first join NATO or the EU. What is the Hungarian position on this issue?

[Kovacs] For Hungary, it is important to join both organizations at least by the turn of this century; as for the order of joining, we will hardly have any say in this. I am convinced that we will fulfill the requirements of joining both organizations, and it will depend on these organizations which will expand faster. The opinions differ in the two organizations. There are people who think that joining the EU first is more favorable; others say that the opposite would be more favorable. Joining NATO is more urgent, because it affects security considerations, while joining the EU guarantees a richer and more comprehensive integration. At the same time, the EU must only regard the internal requirements, while NATO must also regard the external requirements. One thing is certain: Hungary would like to join both organizations.

Defense Minister Views NATO, Army Reform

AU0106140095 Budapest MAGYAR NEMZET in Hungarian 26 May 95 p 7

[Interview with Defense Minister Gyorgy Keleti by Zoltan Vereckei; place and date not given: "More Than One Road Leads to NATO—Gyorgy Keleti on Social Instability, Change of Generation Among the Generals, and the Cost of Membership"]

[FBIS Translated Text] Hungary's security, including future NATO membership, has a price and this has to be paid for from the budget, Gyorgy Keleti told MAGYAR NEMZET. Keleti has recently held many discussions with Finance Minister Lajos Bokros on the financial support needed for the reform of the military forces. We interviewed Keleti on the occasion of the North Atlantic Assembly's Budapest meeting on the chances of Hungary's NATO membership, the reform of military forces, and his experiences in the United States.

[Vereckei] You returned from your Washington and Brussels trip a few days ago, and earlier you had also visited Germany. Did you experience any changes of emphasis over Hungary's NATO membership at the various locations?

[Keleti] I am not in favor of guesses as to the time and speed of NATO's expansion. I believe that this might create some kind of forced situation for NATO politicians and, in fact, the guessing damages the country. It also has to be known, of course, that certain lobbies are operating in this area which might be interested in the release of certain bits of information. During my talks, I did not hear any dates mentioned by anyone. However, I felt it all along that a very large amount of sympathy is shown toward the transformation of the Hungarian Republic and its Army. It was highly appreciated in every country that we had started the reform of the military force which we emphatically consider as one of the preliminary phases to NATO admission. We would like to establish a military organization that can be fitted in line with the NATO-country armies. In our view, we naturally need to preserve the national traditions in the process of structural changes. However, we must create an organization which at the same time is able to cooperate with the NATO armies. As is known, at the beginning of the year we prepared and sent to Brussels the material in which we laid down our ideas on our approach to NATO. It is obvious, for example, that we must also meet certain political and social requirements. We must strengthen the civilian control, and we must also strive for compatibility.

[Vereckei] Some six weeks ago, you already indicated at a news conference that a U.S. delegation might arrive at your request to study the situation of civilian control in Hungary. Was this again discussed at your talks?

[Keleti] It was, and this was specially promised to me. Actually, my travels also confirmed to me that civilian control is implemented in different ways in the various NATO countries. For example, in Brussels, the Dutch ambassador said that the proportion of civilians and military men in the Defense Ministry is similar to that in Hungary, namely 40 percent civilian and 60 percent military. On the other hand, in Italy, 90 percent of the ministry workers are soldiers. On this basis, I believe that, rather than proportions, it is people's abilities, attitude, and openness which are more important. We must also examine the relationship between the ministry and the Army headquarters: What division of tasks exists, what are the spheres of authority or jurisdiction, and how the supervisory system of the leadership is implemented. Therefore, civilian control can prevail in the Army's supervision, controlling possibilities, planning, and the transparency of the budget.

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[Vereckei] Recently, various people have said that Hungary can perhaps be admitted to NATO within two to three years. At the same time, we have also heard views that, although NATO's expansion may be started in 1998, Hungary will not be included in the first round.

[Keleti] I have never said that Hungary might join NATO in two to three years, I have always said that the Hungarian Army will be ready for membership in two to three years. Until then, we must establish compatibility in two very important areas. One is the control and supervision of airspace which is taken very seriously by NATO. We will invite international bids in this area which might result in military technological development that would help us meet this requirement. The other area is telecommunications, so that the units assigned for cooperation, which will be in close contact with NATO units within the framework of the Partnership for Peace program, can meet the expectations. In addition to all this, we naturally also need to establish intellectual compatibility, including language training, and changing the methods of staff procedures. As a matter of fact, countries that were admitted to NATO after it had been set up, for example Spain, were given eight to 10 years also to establish compatibility in other areas. I am convinced that the same will happen in our case.

[Vereckei] In case of a definite Russian "no" in the future, will it be possible for any of the region's countries, including Hungary, to join NATO?

[Keleti] I must admit that, at this time in the United States, I was most interested in finding out how NATO's expansion had been raised in the Yeltsin-Clinton dialogue. The reply was reassuring. I was told that nothing had been said which would change NATO's intention on expansion. I also heard an interesting comparison which said that more than one pair of rails is running to NATO. Therefore, it is possible that the train of one country is going faster than that of another. These, of course, are very polite and figurative speeches; however, they can say a lot. The essence is that in the United States it was said, and I agreed with it: We must have a dialogue with Russia. It is part of the issue that we are getting contradictory opinions from Russia on the membership of the region's countries. To clarify this issue, I would soon like to meet the Russian defense minister because it is difficult to handle the messages. I would of course add that Russia will obviously make a political, rather than a military, decision.

[Vereckei] Did you discuss the issues raised by THE WASHINGTON POST a few weeks ago during your U.S. visit? Referring to unnamed foreign affairs, therefore governmental, sources—this gave the article's significance—the newspaper wrote that many former political officers had returned to the military leadership in Hungary and that the Warsaw Pact doctrine still was characterizing the way of thinking among the staff of generals.

[Keleti] I forestalled the topic by saying that we are facing a change of generation. Many Hungarian generals will reach retirement age by the end of next year, and they can be replaced by talented young people who were educated in various Western institutions. We have also discussed this with Colonel General Janos Deak, and we will review this change of generation in accordance with the requirements of constitutionality and the retirement age laid down by law. In my view, by the end of next year very many young and middle-aged officers and generals will have gotten a chance to get into higher position, if they deserve this on the basis of their qualifications, training, and their commitment to the cause of defense and NATO membership.

[Vereckei] Social stability is one of the conditions for NATO membership. Many people are concerned that some kind of explosion might happen by next spring because of the social problems. If dissatisfaction does indeed increase, will we be able to meet NATO's expectations?

[Keleti] The government did not bring the tough measures out of pleasure. This government is working precisely to preserve stability. It is true, indeed, that we have restrictions in the area of welfare measures. However, this is a precondition for economic growth to be started, which in turn can guarantee social stability in the long run. The situation would have been more "dangerous" if these steps had not been taken because the situation could have become more unstable due to the economic decline.

[Vereckei] A few days ago Janos Deak told MAGYAR NEMZET that the level of budget support for the Army would probably increase to 2 percent of the GDP by 1998. Are you also so optimistic?

[Keleti] Government-level coordination on our ideas on the reform of military forces is already under way. There is agreement on the need for the changes, only the amount that can be spent on these is debated. However, my view is that we must not start the reforms while we do not have the necessary money or the promise of it. For this reason, for weeks now we have been holding background discussions, in the course of which I met Finance Minister Lajos Bokros a week ago, and Foreign Minister Laszlo Kovacs was also present at our meeting. Here we formulated our ideas, also supported by foreign political arguments, which, I believe, also have to be understood by the finance minister. We again met for discussions with Bokros on 21 May and, on the basis of

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this, my current view is that our proposals on the reform of military forces can be brought before the government within two to three weeks. This means that we managed to find the necessary resources to transform the Army. I would not like to say anything about the amount before the government decision; however, I can say that we cannot expect as much as we would like. However, we can expect a level of support with which we can start the changes in the coming one or two years.

[Vereckei] The size of the amount is also interesting because it is known that the NATO countries expect this to be between 2 to 3 percent.

[Keleti] In the coming year, we will be able to see a very modest increase of the GDP. I cannot tell exactly how big this amount will be in 1998; however, I completely agree with Colonel General Deak that security has a price and this has to be paid for from the budget.

Privatization Minister Suchman Airs Views, Plans

95CH0209B Budapest UJ DEMOKRATA in Hungarian 9 Mar 95 pp 29-31

[Interview with Privatization Minister Dr. Tamas Suchman by Karoly Banhidai; place and date not given: "Invite Capital, Don't Whine"]

[FBIS Translated Excerpt] [Passage omitted]

Tamas Suchman was born 2 July 1954, in Marcali. Graduated from the Janos Ladi Secondary School in 1972. While working, earned a law degree from Pecs University Law School, graduating in 1980. Was a private carter in 1972-73. Worked as a clerk in the Marcali District Office from 1975 on, and for the Marcali Municipal Council in 1977-79. Headed the legal department of the municipal council's secretariat in 1979-84. Was legal council to the Janos Ladi Agricultural Cooperative in 1984-90. Director of the Budapest Bank Corporation's Marcali branch as of May 1989. Member of the MSZMP [Hungarian Socialist Workers Party] in 1983-89. Joined the MSZP in 1989. Member of Parliament from 1990 on. Reelected in 1994. Deputy chairman of the National Assembly's Economic Committee. Married. Son is a student. Also has a foster child.

[Banhidai] According to some people, you got into privatization quite by chance.

[Suchman] Why are they saying that?

[Banhidai] You have not been in the public eye very much on this subject.

[Suchman] That is true.

[Banhidai] Then to what do you attribute your nomination as minister of privatization?

[Suchman] Perhaps to the fact that during the past four years I have dealt quite a lot with privatization. I participated in the [parliamentary] debate on policy guidelines regarding state assets, and I have also helped to draft the privatization bill. Thus I have formed definite views about the bill, and about the privatization process in general.

[Banhidai] What is the gist of your views regarding privatization?

[Suchman] Simplified privatization, its safeguards and guarantees; then the matter of guarantees in general; the techniques of privatization on the installment plan; and finally, what kind of organization there should be. What I have in mind here is not the name of the organization, but the choice between quick continuation of privatization on the one hand, and spending time on reorganization, on the other hand. On this last question, I am leaning toward a solution that would save several months spent on reorganization. It seems certain that we will abolish the State Property Agency in the near future. As a result, the further depreciation of the business assets in the agency's portfolio will cease, and the assets will be acquired by new owners. These are the essential elements of my privatization strategy. This and the ability to function are important, rather than what interest group is behind the investor.

[Banhidai] To our knowledge, you and Finance Minister Lajos Bokros are good friends.

[Suchman] We are not personal friends. Our views are the same on numerous issues. The fact is that our relations to date presuppose that we will be able to work together also in the future.

[Banhidai] Many people are of the opinion that Gyula Horn has proved a good tactician with his choice of the Holy Trinity: the president of the central bank, the finance minister, and the privatization minister. President Arpad Goncz has complimented the prime minister on his choice. The nominations of Gyorgy Suranyi and Lajos Bokros have reassured Western financial circles, while Tamas Suchman has been included in the team to reassure the proletarians.

[Suchman] I cannot ponder the prime minister's decision, but I am very pleased if I became a minister in order to reassure the proletarians. I will never hide my affiliation under a bushel basket. I should say, allow me to be proud of it. I began my life as a physical worker, and I have no cause to deny that.

[Banhidai] In 1972-73 you also worked as a carter.

[Suchman] Much longer than that. I continued moonlighting as a private carter while working for the [Mar-

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cali municipal] council. I spent much time on a horse cart even after earning my law degree. Indeed, I helped my father even during my first years in the National Assembly. I worked quite a lot as a carter.

[Banhidai] As a politician, would you be able to face the workers from over whose heads the factories have been sold, and whose life you, too, have experienced? Would you dare to tell them that their prospects will improve during your tenure as privatization minister?

[Suchman] I think there is a twofold message I should be sending to employees, as you called them, to the proletarians. Assuming that my message reaches them, that they are reading UJ DEMOKRATA. First, my perception of privatization is not that only they are the losers and must make all the sacrifices. We do not rank the interests of privatization above the interests of employment. I do not think that the privatization process is none of their business. To the extent that my schedule allows, I will go to the larger enterprises, face the workers and tell them: "Gentlemen, we are selling the factory; the state is unable to continue financing its losses. We will be able to retain so many workers. Do your best to be among them." Nobody has ever done anything like this before. Nobody has talked with the collectives about what is happening to them. This was the essence of what I meant when I was promising political management. And not that I would be traveling to New York, with two Gerbaud pastry shops in my pocket, selling off Hungarian business assets. I will frankly disclose what solutions I wish to implement, and the fact that it is not possible to stop the process of privatization.

[Banhidai] Did you support forming a coalition with the Free Democrats?

[Suchman] I urged forming a coalition, because I felt that a coalition government in Hungary was a historical necessity in the present period, and that the coalition should be with the SZDSZ [Alliance of Free Democrats].

[Banhidai] According to MAGYAR NARANCS, if you were to go to the World Economy Conference in Davos, the conferees would think a shaman of some Eastern tribe had arrived, who would be unable to explain that he was the privatization minister.

[Suchman] I speak German and do not feel at all inferior to the well disguised intellectuals.

[Banhidai] Do you agree with the assumption that the liberals sold out the country in the course of privatization?

[Suchman] No, I do not. And I wish to make clear that I support the present coalition, no matter what kind of shaman or semieducated European I am called.

[Banhidai] After the hysteria over your person, this statement could be termed surprising.

[Suchman] A policy of venting grievances does not lead anywhere. I do not think I am less of a man that those who are offending me. For instance, I would like to make a survey of the number of pianists in this Parliament. I have been playing the piano since 1984. What should I call the MP's who do not play the piano? Let us play an intellectual game: Who is able to recite the most poems? I think I know as many poems as the MP's sitting in the SZDSZ benches.

[Banhidai] In the end it will turn out that you were the Free Democrat's choice.

[Suchman] Well, I am striving to cooperate closely with the SZDSZ's economic experts. I am tough enough for the various darts to become wedged in my skin. That is true especially of my palms.

[Banhidai] You have work-hardened hands?

[Suchman] Yes.

[Banhidai] In spite of this, practically the only thing one was able to hear and read about recently was the liberal world's indignation upon learning that you would be the minister of privatization. Even the American deputy treasury secretary found it necessary to meet that Socialist privatization chief.

[Suchman] The American politician did not say that anyone was in an uproar, and we were able to jointly adopt a balanced standpoint. I assured him that my plans regarding privatization were in sync with the finance minister's views. If the opportunity arises, we will speed up privatization and open it to every domestic and foreign financial investor. And another thing: I would be surprised if in privatization I were pursuing only the Socialist standpoint. Since I am a member of a coalition government, I have to represent the government's interests. But with this I am not raising any barriers. And I also wish to emphasize that the Hungarian state's assets are not the coalition's property. They belong to the people. Every party has sympathizers among them, but there are far more nonpartisans. The only thing the people have in common with the state's assets is that they participated in creating those assets. It is not possible to represent everyone, but we can and must see to it that nobody is squeezed out.

[Banhidai] According to its interpretation by some people, however, the aim of the privatization policy of

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the MSZP [Hungarian Socialist Party] is to squeeze out liberal capital.

[Suchman] I do not think that in the recent past we have been attempting to squeeze out the clients of the SZDSZ. I reject any such allegation. I am not denying that there have been anomalies in the practice of privatization in recent years. After all, the audit that the Auditor General's Office conducted in February produced some very serious findings, on which I am not able to comment as yet. In order to interpret the audit report correctly, and to act on it properly, I will request the managers of the State Property Agency to submit to me in writing their comments on the audit report's findings. We cannot pass over this report in silence. After all, the Auditor General's Office plays an extremely important role in our democracy, and its findings must be taken seriously.

[Banhidai] Sandor Nagy, the president of the MSZOSZ [National Federation of Hungarian Trade Unions] said that it was nonsensical to raise the issue of fast or slow privatization. The important thing was whether privatization was being pursued well or badly.

[Suchman] Privatization is merely an episode in restructuring the economy, a minor tool for changing the economic system. But it is an enormous task, of course, in the sense that practically all state assets are affected. I share Sandor Nagy's view about raising the issue of privatization's acceleration or slowdown. The important thing is that all this should proceed rhythmically, and as fast as possible. But that cannot mean a relaxation of discipline regarding the protection, management and pricing of the assets, and the safeguarding of the state's interests. To me the most important question is preservation of the ability to function. We can donate some sort of state assets to anyone, and he will either be able to operate them or not. It is essential for the state to know what it wants, to be predictable, and to regard its partners as equals. If the economy's players sense that these conditions are being met, they will invest. The same message must be sent also to the financial circles in the West, in order to attract first-class investors for long-term participation in our economy on the basis of their self-interest; instead of flooding the country with market buyers.

[Banhidai] Do you know how the revenue from privatization will be allocated?

[Suchman] As incredible as this may sound, we have properly agreed on everything. We will need to achieve 150 billion forints of privatization revenue to support the state budget. But the finance minister, too, is of the opinion that privatization revenue cannot be used continually to finance budget deficits. In any event, economic development will have to be promoted by means that are regarded as natural in the market economies of Western Europe.

[Banhidai] Do you think it will be possible to attain the planned 150 billion forints of privatization revenue?

[Suchman] I neither claim nor deny that it will be attainable. You ought to ask the person who made that figure public.

[Banhidai] How long will you be able to serve as privatization minister?

[Suchman] Since there is also the management of state assets, in addition to privatization, I think my office will last until the electoral cycle's end.

[Banhidai] Then you will remain privatization minister until 1998?

[Suchman] I would be able to find enough to do until then.

[Banhidai] Did you attend the meeting of the MSZP parliamentary group's Nanasi Road intellectual workshop?

[Suchman] I did not go because just then I was meeting with the MSZP parliamentary group's work group, about the privatization bill. But I did not receive an invitation, either.

[Banhidai] Where do you place yourself within the MSZP?

[Suchman] At the center.

[Banhidai] Which center?

[Suchman] The party can have only one center?

[Banhidai] Gyula Horn?

[Suchman] Yes. The party chairman-prime minister is the party's center.

[Banhidai] Did Laszlo Bekesi depart in anger?

[Suchman] I regard what he did as a natural and acceptable human reaction.

[Banhidai] Is that how also Tamas Suchman will be departing?

[Suchman] I don't know. But why do you ask? Should I be leaving already?

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Foreign Minister Urges Lifting of Arms Embargo

LD0106192895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 1 Jun 95

[FBIS Translated Text] Muhamed Sacirbegovic, the new foreign minister of the Republic of Bosnia-Herzegovina and former ambassador at the United Nations in New York, made a special statement on [UN Secretary General] Butrus-Ghali's proposal that the mandate of the UN Protection Force [UNPROFOR] be redefined.

[Begin Sacirbegovic recording] We believe that is unrealistic. [passage indistinct] They would certainly be prepared to support (?the third option)—peacekeeping—which would bring real peace to Bosnia. NATO and the international community have so far not been prepared to take these measures.

The fourth option, which seems to be the option (?favored) by most countries, is to withdraw UNPROFOR, its mandate and [word indistinct]. This means that eventually only those members of UNPROFOR who drive food trucks would remain. [word indistinct] UNPROFOR for that task in Bosnia-Herzegovina.

If this is indeed his proposal, we would like to know who will defend our civilians and ensure the delivery of food to our towns to feed the civilians. Mr. Butrus-Ghali does not seem to have an answer to this question, or perhaps he does not want to give the obvious one, which is that the Bosnians should be given weapons so that they can defend themselves and ensure the delivery of humanitarian aid.

Let me just say in conclusion that I do not think that Mr. Butrus-Ghali's proposal will be accepted. His proposals are not on the same wavelength, they are not in line with the proposals coming from NATO and (?the world) powers in the international community. I think that what is important at the moment is not only that Mr. Butrus-Ghali should take into consideration our needs and our demands concerning the security of our civilians and our country, but also what the international community is proposing. [end recording]

SDA Views New UN Forces, Foreign Minister

AU0106191195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 Jun 95

[Report by Mladen Bosnjak]

[FBIS Translated Excerpt] At the very start of today's news conference of the Party of Democratic Action [SDA], Mr. Enver Kreho expressed the gratitude of the SDA for the messages of condolence for the criminal murder of SDA Main Committee Chairman Irfan Ljubijankic and SDA Main Committee Member Izet Muhamedagic. Numerous (?letters) and condolences, particularly from abroad, regarding Dr. Ljubijankic, show and prove how much was lost both by the state of Bosnia-Herzegovina and the party. Mr. Kreho expressed the belief that, on the basis of the negotiations with UNPROFOR [UN Protection Force] so far, the killed people's remains will soon be brought to Sarajevo and buried in a dignified manner.

Mr. (Ismet Grdo) told the correspondents about the SDA stand on the arrival of additional UN forces in Bosnia-Herzegovina. The party deems this useful as it believes that these forces will strengthen UNPROFOR's self-defense, which will (?result) in a greater possibility for the UN forces to carry out their humanitarian tasks.

Mr. (Grdo) pointed out that neither these additional forces nor UNPROFOR on the whole will liberate Bosnia-Herzegovina and that the party is in no dilemma about that. Bosnia-Herzegovina can be and will be liberated by its army alone. [passage omitted]

As for replies to correspondents' questions, we can single out two. The first is that the SDA will insist on a good quality and comprehensive investigation into the killing of Dr. Ljubijankic and the others. The second is that the party, seeing this as the most urgent question, has decided to propose Mr. Muhamed Sacirbegovic as minister of foreign affairs, taking into consideration his successes to date in representing the Republic of Bosnia-Herzegovina in the world. The SDA will soon appear in public with proposals on filling out other vacancies in the wake of one more Chetnik [word indistinct].

Term of Peace Mediator Lord Owen Viewed

Appeased Bosnian Serbs

AU0106162295 Paris AFP in English 1609 GMT 1 Jun 95

[FBIS Transcribed Text] Geneva, June 1 (AFP)—Bosnia's ambassador to the United Nations in Geneva Thursday [1 June] welcomed the resignation of international mediator Lord Owen, accusing him of pandering to the Serbs and prolonging the war he was trying to end in Bosnia-Herzegovina.

Mustafa Bijedic said the resignation, which Owen tendered Wednesday to the incumbent European Union president, French President Jacques Chirac, had come "too late" and that the mediator had been overzealous in appeasing the Bosnian Serbs.

"He exhausted himself appeasing Serbs," Bijedic told AFP. "He is the best received personality in Belgrade. He upgraded criminals as respectable negotiators, he prolonged the war and the tragedy, supported by two biased governments, Britain and France."

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Owen opposed repeated U.S. efforts to lift an arms embargo on the Bosnian Army, arguing that this would not "level the playing field" so much as "level the killing field."

Moreover, as the co-sponsor of the 1993 Vance-Owen plan he also showed his support for the cantonisation of Bosnia based on land captured by aggression on the part of Bosnian Serb and Bosnian Croat forces after months of ethnic cleansing.

Owen's last appearance as a mediator for former Yugoslavia will likely be at the June 13 meeting of the International Conference on Former Yugoslavia. Conference officials said Thursday he would participate in the meeting despite his resignation.

In his resignation letter, Owen said his successor should have the backing of all five members of the "Contact Group" on Bosnia, which comprises Britain, France, Germany, Russia and the United States.

Owen's approach, while welcomed in London and Paris, was fiercely criticised in Bonn and Washington.

'Inconsistent Politician'

LD0106195095 Zagreb HTV Television in Serbo-Croatian 1730 GMT 1 Jun 95

[FBIS Translated Text] [Unidentified announcer] On the direct line from Sarajevo we have Hasan Muratovic, minister without portfolio in the Bosnia-Herzegovina Government and chairman of the State Committee for Cooperation with the United Nations. Good evening.

[Muratovic] Good evening.

[Announcer] Mr. Muratovic, is your government satisfied with Butrus-Ghali's proposal?

[Muratovic] No, we are not at all satisfied. First of all, Butrus-Ghali offers two options that the Security Council had rejected after the meeting in Paris, attended by officials from the former Yugoslavia and Butrus-Ghali himself. The report he submitted to the Security Council said that he disagreed with both of those options. He only proposed them in order to be consistent with his earlier proposals.

As for the second two proposals, we believe that they can be a basis for a certain version of UNPROFOR's [UN Protection Force] future mandate. We will not at all be satisfied with the fourth option, which will certainly not yield any improved results, and may in fact worsen the situation.

The third option does not clearly state which forces will strengthen UNPROFOR. From what can be understood, Ghali plans that several countries should have their forces that will not be part of UNPROFOR, but will support it in critical situations.

However, his whole explanations shows that they have not abandoned their strategy that has failed in Bosnia and throughout the former Yugoslavia. The strategy I refer to is their step-by-step strategy and their role of mediating instead of taking part in solving the problem.

I believe that, on the basis of the third option, a good mandate for UNPROFOR can be made and that its effectiveness can be improved.

[Announcer] It can be said however, that one decision made by the international players that have an impact on this war has given cause for joy in Sarajevo. I am referring to the announcement of Lord Owen's resignation. How much did Lord Owen work to the advantage of the Serb side?

[Muratovic] First of all, Lord Owen did not work well for those who sent him here. He advised them badly and cooperated with the Serb aggressor force in a wrong way. As you know, we have had no communication with him for more than a year, so his presence at the conference in Geneva is completely useless. You know that nothing has happened there for about a year. His policy—which transpires from his statements that were in the beginning fully in line with the London conference, and at the end fully in line with what Karadzic and Milosevic were saying—shows that he is a completely inconsistent politician who has finally brought Great Britain to the point at which it is in Sarajevo.

[Announcer] Mr. Muratovic, thank you very much for your interview.

[Muratovic] Thank you.

Radio Summary of Military Situation 1 Jun

AU0106173795

[FBIS Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1300 GMT on 1 June within its regular newscast carries several reports on the situation in the republic.

A studio announcer says that "due to the aggressor's activity, a general alert is in force in Gorazde, Tuzla, Breza, and Sarajevo, as well as the towns within the 4th Corps theater of operations."

Citing the 2d Corps Information Service, the announcer says that "Tuzla is again being targeted by the enemy's far-range artillery, more frequently and fiercely than within past few days. The shelling of the town and its environs from Majevica heights began early this morning. The general alert was sounded several times and

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has been in force virtually the entire time. Approximately 50 different projectiles and calibers have fallen on the town's general region. Gornja Tuzla was particularly exposed to fierce shelling, with several hundreds of shells landing in the area. Three civilians were seriously wounded and several residential and industrial buildings damaged. Our positions at Majevica have also been exposed to the aggressor's attacks. According to the data issued by the 2d Corps corresponding bodies, the Chetniks carried out several combined artillery-infantry breakthroughs toward our defense lines in the regions of Kapljevac, Rani Ljestak, and Modrasnica in their attempts to penetrate toward Gornja Tuzla. Our units have successfully rejected all the aggressor's assaults and caused the enemy formations considerable losses in troops and military hardware. There have been no loses among the defenders, and all lines are being firmly held."

"At about 0700 (0500 GMT) today, the Ozren Chetniks used artillery and infantry to attack 2nd Corps positions along the newly attained lines in the region of (Sprestvo) and (Prepale). The fact that a dozen more Chetniks were liquidated and large aggressor's subversionist groups crushed during these attacks shows the firmness of our positions and the height of our fighters' morale. The 2d Corps announcement also says that 2d Corps reconnaissance units registered very lively traffic of vehicles along the corridor, as well as along the Priboj-Lopare-Jablanica roads."

Citing a 1st Corps Information Service report, the announcer states that "after regrouping troops and weapons for several days, the aggressor launched a new wave of artillery attacks on the region of Trnovo—in fact, the entire free territory of the Treskavica-Bjelasnica Plateau. Intensive fire from howitzers and 82 and 120-mm mortars was opened on the lines of the Bosnia-Herzegovina Army fighters, but without more significant consequences. The aggressor carried out similar operations on the Crna Rijeka Height, where the concentration of enemy forces on some localities is noticeable. In the morning, the enemy occasionally used small arms to shoot toward Sarajevo defense lines, and there was also some sniper activity. In the afternoon, an antiaircraft gun was used to fire on the region of Kozja Cuprija and Hrastova Glava, and several shells from a self-propellant gun were fired from Greda on Grdonj."

Mirudin Aldobasic reports from the 3d Corps theater of operations that "our army's latest successes are leaving a deep impact on the population of not only occupied Doboj, but also on those people who are in large numbers trying to leave the Mt. Ozren. This is why the police are not allowing anyone to enter Doboj. The Ozren population is being sent toward Johovac and Kotorsko. However, with the dissatisfaction of the so-called Serb army attitude toward them and the way it is treating them, mutual clashes break out. The discontent in Doboj is more frequent and evident. There are hardly any local Serbs there, so open clashes between Ozren and (?Krnjik) Chetniks break out. These clashes are so intensive that they have been lately ending in open armed fighting."

Karadzic Warns Against Rescue of UN Hostages

AU0206084495 Banja Luka Srpska Televizija in Serbo-Croatian 1830 GMT 1 Jun 95

[Interview with Radovan Karadzic, "president of the Serb Republic," by an unidentified studio announcer in the Banja Luka TV studio; from the "Dnevnik" newscast—live]

[FBIS Translated Text] [Announcer] Mr. President, as we see, there is no news from the front lines—shelling of residential areas, sniper activity, attacks from safe zones continue. What is the present military situation?

[Karadzic] A very intensive, very broad offensive of primarily Muslim, but also of the Croatian Defense Council and Croatian forces, is still under way. The only way we can interpret this is that NATO is encouraging the Muslims to attack. On the other hand, everyday shelling of our towns like Teslic, Doboj, Brcko, etc. does not worry anyone in the world, and with regard to that we must lodge a strong protest with the international community. Why are the Muslims allowed to continue shelling unpunished while we are restricted with safe zones?

[Announcer] We see the latest offensive from Bihac, from Gorazde, Sarajevo, all the time.

[Karadzic] Yes, they keep attacking from Sarajevo. As Secretary General Butrus-Ghali once said, safe zones are nothing but strongholds, armed strongholds. This is in absolute violation of the international military law. Nobody should have weapons in safe zones except the United Nations. This way, the United Nations and NATO help our enemy, protecting it where it concentrates its weapons and protecting the origin of its offensives.

[Announcer] The world and the media are obviously most interested in the destiny of the Blue Helmets. After UN members and UNPROFOR [UN Protection Force] attacked Serb civilian, but also military targets, we now have prisoners of war, do we not?

[Karadzic] Yes, you see they have to be prisoners of war because their commander ordered the air strikes against our targets, frightened our children, old men,

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and women in civilian zones. That is what makes them prisoners of war. Some of them guided bombs to their targets. Furthermore, the fact remains that they are not here to side with one side, though from the very beginning, the United Nations was against the Serbs from the very beginning, under the pressure of Germany, but especially of U.S. hawks. They are now prisoners of war; they are all in very, very good shape. My message to their families is that they have nothing to worry about, that Serb soldiers are professionals and they respect other soldiers, their counterparts from other armies, even those from the opposing side. Consequently, nothing will happen to them. They are treated better than the Geneva Convention obliges us to treat them.

[Announcer] Mr. President, we know what is happening with the Blue Helmets here. We have seen the reports, we showed that they are living in Serb barracks, just as our Serb soldiers do. The world—those Western hawks most of all—say, however, that they will use force to rescue them.

[Karadzic] That would be a fatal mistake. It is much easier to rescue UNPROFOR soldiers by promising, stating to the Serbs that they will not be bombed again, i.e. the international community should renounce the use of force. Partly, we are satisfied with what the international community already said: the meeting of the Contact Group, the meeting of NATO members, the meeting of the UN Security Council, and even the message we got from the governments of the United States, Britain, and France, as well as from other governments. They all say they think this conflict cannot be solved by any other, but political means, which actually means they are distancing themselves from using NATO.

If there should be any rescue actions, however, they would end catastrophically, for we keep changing the positions of the prisoners. They are held in many, many places. In short, that would be slaughter, for we must use all means to defend ourselves. When we were bombed for the first time near Sarajevo and Gorazde, we downed a plane; we blocked UN forces near Sarajevo. This time, the bombing was much stronger and we had to capture UN forces, and I hope this crisis will be resolved with a positive outcome. If there should be an escalation of use of NATO force against us, however, we believe we would have to resort to even more fierce means to defend ourselves. In other words, we must do everything to defend our nation. In that case, I am sure, our response would be much stronger than just capturing.

[Announcer] Mr. President, you said there were messages, that messages are coming from abroad to Pale, to the wartime capital of the Serb Republic. In other words, there is no blockade like they say.

[Karadzic] Messages have been reaching us. There are discreet and official contacts with many governments. Understandably, they are all worried about their soldiers first of all, but we did get certain reassurances that the international community does not prefer air strikes and that it is opting for a political solution in a way that partly satisfies us in this crisis. They realized, after all, that NATO air strikes resulted in nothing good and that they led to an escalation.

[Announcer] You sent a message to UN Secretary General Butrus-Ghali. What does it say?

[Karadzic] We suggested to Secretary General Butrus-Ghali that it would be pointless to discuss a new mandate if they do not consult us. We will not accept a new mandate if it does not suit us; i.e., before they opt for a new mandate. They must talk to us because we are a sovereign country, and we will not allow any resolutions or freedom of movement for UNPROFOR if they are in a militant mood and if they have militant intentions.

Furthermore, we proposed that negotiations begin immediately. We proposed that safe zones be demilitarized and that the use of force be excluded.

[Announcer] The change of mandate in the former Republic of Croatia led to a tragedy for the Serb nation in western Slavonia. I suppose that that too is one of the reasons the Serbs fear the change of mandate.

[Karadzic] Nothing is the same after western Slavonia. Everything is different. We do not believe the United Nations. It does not act in compliance with the UN Charter. It is not unbiased. It must become unbiased as soon as possible. If it wants to leave, we are not against that. It does not need NATO to leave this country. We will allow it to withdraw peacefully across our territory provided that it withdraws all its weaponry. If it does remain here, those forces must declare and show their unbiased stand, engage in humanitarian activities, and possibly mediate in political negotiations, as Butrus-Ghali says in the fourth item of his report.

If the mandate were to be changed, however, and if we were to find it unacceptable, that would guarantee new conflicts with the United Nations.

[Announcer] Mr. President, we are losing mediators. Does that mean David Owen is really resigning as the cochairman?

[Karadzic] Obviously he is. They were pushed aside by the appearance of the Contact Group, in a way. And

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now they are talking about the possibility of just one or two negotiators speaking on behalf of the Contact Group. We are not choosy; we are not particular about anyone. I see the Muslims accuse Owen. He did nothing for the Serbs. He masterminded the project of splitting up the Serbs; he split us up. He insisted that Serbia and the Serb Republic put distance between themselves, and we cannot be sorry to see him resign. We would like a truly unbiased mediator however; someone who will not have a vested interest in the conflict for all the former mediators had their goals and their interests. We expect someone, from Japan or China for example, who does not have a vested interest in the region to help us find a solution.

[Announcer] You mentioned Japan. Japanese television is broadcasting this newscast live and we would like to thank the Japanese for following our problem in the Balkans this closely. But Mr. President, it is obvious the United States and Russia can play the most significant role in breaking the deadlock in the negotiations.

[Karadzic] It is clear the United States and Russia are the two major powers and that they are currently most interested in the outcome of the crisis. We believe there is absolutely no basis for Germany to be a member of the Contact Group. It became a member because it held the European Union presidency. Germany no longer has the presidency, it is not a member of the Security Council, and I think Germany should be excluded from the Contact Group. We would not mind if only the United States and Russia were involved in the peace process in a new Camp David or a new Moscow or Berlin conference that would find a global solution to the Yugoslav crisis.

[Announcer] At any rate, you recently found the Contact Group's political decision to use political dialogue instead of exerting more pressure on the Serbs to find peace encouraging.

[Karadzic] Yes, the meeting of the Contact Group and NATO members and many other meetings and statements of many important people showed plenty of inclination toward political solutions, not to a military solution to the crisis. That is very encouraging and an important sign for us. On the other hand, it makes the position of the captured UN soldiers much easier and gives some hope that the crisis resulting from NATO air strikes will be overcome. We could still establish new relations with mediators, but relations that are based solely on equal treatment and consideration of the Serb side, Serb interests. In other words, relations that would strive toward treating all warring sides equally. The crisis will not be solved if one side is treated with such pressure and with such a biased attitude, while the other side enjoys favoritism. Why should the Muslims stop the war when everybody encourages them to continue it? The moment the Muslims are also restricted the way the Serbs are, we can hope for a political solution.

[Announcer] Thank you, Mr. President. Your answers and comments will be further discussed tomorrow in a special program of Serb Radio Television at 2105 [1905 GMT] hours called "Ask the President." There will be more questions from our viewers, citizens of the Serb Republic and the Republic of Serb Krajina, and other citizens throughout Yugoslavia, who can also watch our program. You will be able to answer their questions tomorrow in "Ask the President" program. Thank you very much again.

Karadzic Conditions for UN Peacekeeper Release

LD0206083195 Belgrade SRNA in Serbo-Croatian 2141 GMT 1 Jun 95

[FBIS Translated Text] Sarajevo, 1 Jun (SRNA)—Radovan Karadzic, president of the [Bosnian] Serb Republic, stated today that the captured UN Protection Force [UNPROFOR] members "would be freed more easily if there was a binding statement that the international community would renounce the use of force," rather than if resort was made to the path of violence.

"All acts of violence would end catastrophically because we would defend ourselves. The POW's are not in one place and their locations are constantly being changed," Karadzic said when he appeared on the "Daily News" program of [Bosnian] Serb Radio-Television. He added that the families of the prisoners should not be concerned because they are being treated better than is required by international conventions.

The president recalled that during the [NATO] air strikes against Serb territory near Gorazde, one NATO plane was shot down, that UNPROFOR had been blockaded when it shelled Serb Sarajevo, and that the most recent and heaviest bombing of Serb territory near Pale provoked the capture of UN peacekeeping soldiers.

"Any further, possible acts of violence would provoke far more serious consequences," Karadzic stressed, pointing out that the governments of Western countries have been stressing, in their direct and indirect messages, that the conflict which followed in the wake of the most recent bombing cannot be resolved by force, which he said "very clear means that they are refraining from NATO actions." [sentence as received].

The president stressed that any change in UNPROFOR's mandate without the consent of the Serb side would be invalid.

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"After western Slavonia events, we no longer have faith in the United Nations. They are not unbiased," Karadzic said, adding that NATO assistance is not necessary if the UN peacekeeping forces wished to leave, but that they would have to be unbiased if they want to stay.

UN, NATO Guarantees, Sarajevo Division Seen

AU0206092495 Hamburg DIE ZEIT in German 2 Jun 95 p 4

[Interview with Aleksa Buha, foreign minister of Bosnian Serbs, by Michael Thumann; place and date not given: "Two Cities"]

[FBIS Translated Text] [Thumann] Four dead Serbs in Pale; 71 Muslim victims in Tuzla. Will the Serbs now take revenge by multiple retaliation?

[Buha] If one adds up all Muslim reports on their victims, there would be millions. Film and photomontages are a well-tried Muslim practice. There have not been so many dead people.

[Thumann] When will you release your UN hostages?

[Buha] Since NATO and the United Nations have not hesitated to kill our civilians, they have become a party to the war on the side of our enemies. Therefore, the UN soldiers are our prisoners of war. We will treat them correctly, but if the attacks on us continue, their lives will be in danger. We will only release them if we get guarantees from the United Nations and NATO that we will no longer be shot at and bombed.

[Thumann] Why do you not accept the international Contact Group's peace plan?

[Buha] We will not yield to an ultimatum. Bosnia's division into 51 percent for Muslims and Croats, but only 49 percent for the Serbs reminds us too much of a minority holding in capitalist joint stock companies. The world community does not want to grant us accession to Serbia. We, however, want to have our own state and decide our fate in a sovereign way—like Croats and Slovenes.

[Thumann] And what is your objective?

[Buha] We want 53.5 percent of Bosnia-Herzegovina; we want to get a just share in the industrial plants and mineral resources of the country. There are to be two or three independent states. The Muslims are to exchange Gorazde, Zepa, and Srebrenica for territories around Sarajevo, in this way they can link the city to their territory. Since the Muslims have all the big cities except for Banja Luka, Sarajevo has to be divided into two cities. This is not supposed to be a division like in Berlin, but the coexistence of two municipalities, like Mannheim and Ludwigshafen.

Serbs: 'Muslims' Wearing UNPROFOR Uniforms

AU0106203195

[FBIS Editorial Report] Banja Luka Srpski Radio Network in Serbo-Croatian at 1700 GMT on 31 May carries within its regular 40-minute newscast several reports on the fighting in the country.

Reporting from the Ozren-Vozuca front, correspondent Jelica Lazic says that "the Muslims have attacked the Serb positions and Ozren villages heavily. This morning, they launched two heavy infantry attacks with strong artillery support, the goal of which was to break through the Serb defense lines in Milino Selo to the east of Ozren. Both attacks were repelled, and the enemy suffered great losses in manpower and equipment. At 0700 [0500 GMT] the enemy fired 10 mortar shells at the Serb defense positions and civilian targets in Petrovo, a Serb village on the slopes of Mount Ozren, on the left bank of the Spreca River, and one civilian was wounded. At the same time, they launched a heavy artillery-infantry attack on our positions in Sizje, but there were no casualties. They also keep attacking the defense lines in the Pocjelovo area, on the southwestern part of the front." She adds that "Vozuca, as well as the surrounding villages, were targets of Muslim artillery. From the Maglaj area, 20 shells were fired on the village of Jablanica. Fighting continues, and the defense lines are firm."

(Sonja Kuzmic) reports from the Doboj, Teslic, and Trebava fronts, saying that "in today's Muslim artillery attack from Tesanj on the center of Doboj, which started at 1235, seven Serb civilians were wounded." She continues to say that "residential buildings and an industrial complex were damaged in Doboj," and adds that "the general alarm was sounded in Doboj again at around 1745, following another artillery attack on the town." On the Doboj front, "the enemy carried out the usual activity along the entire separation line. Heavy Muslim infantry fire came from (?Drljaca), aimed at (?Razbjenjak) west of Doboj, from Jeleca, Okrugli Kamen, and Kriz towards the Serb positions on the western part of the front, and towards (?Kupresati). There was also enemy artillery fire." On the Teslic front, "heavy infantry fire was opened from (?Vrtac) towards the Serb defense lines in the Cerova Kosa area, and from (?Veliki Canak) towards Djurica Brdo. From Glavica, the Muslims fired four mortar shells on the Serb defense positions in the [name indistinct] area. The defense lines are stable." On the Trebava front, "the Muslims opened infantry fire from Oblic, [name indistinct] Vis, and (?Grabica Brdo) against the Serb defense lines on the southern part of the front, and mortar and antiaircraft machinegun fire from [name

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indistinct], Hadzica Glavica, and Kardas to target the Serb defense lines in the area of (?Tocak), Barakovac, and Stanic Rijeka east and northeast of Doboj, but there were no casualties."

Slobodan Kovacevic reports on the situation in the Gorazde area. He says that "early this morning, the Muslims from the so-called safe haven of Gorazde attacked the Serb defense positions in the (?Sivori) and Kolijevke area, using the weapons and equipment seized from the Blue Helmets deployed in Gorazde. Wearing UNPROFOR [UN Protection Force] uniforms, the Muslims fired over 100 projectiles at the Serb positions, and, as we speak, there is still no information on casualties. Yesterday, Serb reconnaissance teams observed many vehicles and pieces of equipment being taken away from the central UNPROFOR checkpoint." He adds that "last night, Muslim soldiers attacked and then seized Checkpoint Five, capturing five members of the Ukrainian UNPROFOR battalion. Having attempted to seize Checkpoint Six as well, a heavy conflict broke out between them and the Blue Helmets, and the Muslims destroyed one of the Ukrainian personnel carriers. Members of the Drina Corps of the Serb Republic prevented a Muslim incursion attempt, while three members of the Ukrainian UNPROFOR battalion fled to the free Serb territory, where they are under the protection of the Serb soldiers."

Reporting from the Press Center of the 1st Krajina Corps of the Army of the Serb Republic, Sinisa Novakovic says that "on the Vlasic part of the front, Muslim attacks on Serb units continue. In the past 24 hours, the Muslims have fired several mortar shells from Snjeznica and Bukovacko Brdo towards the Serb defense lines. The Muslims also opened infantry fire along the entire separation line on Vlasic, the heaviest coming from Snjeznica, Santici, and Siroka Kosa. Antiaircraft gun fire was opened from a Muslim stronghold at Galica towards the soldiers of the Serb Republic. The Serb soldiers promptly responded to all these attacks." Moreover, Serb soldiers have observed "Muslim units concentrating towards the front of the Serb defense as well as reconnaissance activity."

Borislav Djuric, reporting from the Donji Vakuf front, says that "the enemy continued to launch infantry-artillery attacks from Veliki Siljkovac towards the Serb defense positions at Pogana Ravan, as well as from Sumovito Brdo and Kos towards Brezicani. On the other part of the front, where the Srbobran [Donji Vakuf] and Vlasic defense lines meet, the Muslims attacked in Sesici and Potkraj. Serb soldiers promptly responded, and there were no casualties. Moreover, Serb military sources report that regrouping and movement of vehicles have been observed in the area between Bugojno and Donji Vakuf." He adds that, on the Kupres front, "enemy forces sent tank projectiles and opened infantry fire from Opaljenica towards Omar. There were no casualties."

An unidentified correspondent reports from the Sarajevo front that "at around 0445, the Muslims launched a heavy artillery-infantry attack on [words indistinct], but they still have not managed to cut off the road connecting Sarajevo with Pale. There were no Serb casualties. On other parts of the Sarajevo-Romanija front the day was relatively calm, with occasional sniper and infantry fire [words indistinct]. The enemy also opened small-arms and artillery fire on Ilidza."

An unidentified correspondent says that, on the Majevica front, "there were Muslim attacks along the separation line. The 2d Tuzla Corps units continued opening occasional infantry fire along the entire separation line. Serb soldiers are in control of the defense lines and are not responding to the Muslim infantry provocations."

General Roso on HVO Role in Federation

95BA0238C Zagreb HRVATSKI OBZOR in Serbo-Croatian 18 Apr 95 p 27

[Article including interview with Colonel General Ante Roso, Croatian Defense Council, by Marko Barisic; place and date not given: "I Am Not Interested in Bosnian Stew!"]

[FBIS Translated Text] "I saw it with my own eyes. One hundred and thirty people died for one hill and one lamppost. And no one is responsible. I always tell my men: Think about who is waging war. Think about the man in the trench. Generals do not wage war; they mainly are paid to do the thinking. The general is not a fighting man. But no one can steal the Bosnian hills. Nor does anyone need them any longer." Almost in a monologue, with a dose of anger in his voice, this was the clipped soldier's talk of HVO [Croatian Defense Council] Colonel General Ante Roso, who now holds the post of a member of the Joint Command of the Army of the Federation of Bosnia-Herzegovina in Sarajevo. "War cannot be won today in the way it is being fought here. Those are illusions, absurdities," Roso said, "and that is why this war will last a long time, in whatever form, and continuation of the war will not produce a victor." He finds the reasons for such pessimistic forecasts in the primitive political structures, which do not want to accept reality. And the reality is made up of the three constituent peoples who should agree on a present-day political concept. "The Croats are willing to agree in a civilized way with the other two peoples on a political program that will be democratic internally, and externally it will have links to the present-day

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political developments in Europe, and this would impart stabilization to this part of the Mediterranean basin," Roso said, at the same time shaking his head, because he is aware that it will be a long time yet before leading politicians who want this emerge in the other two peoples. "But at some point," he thinks, "even they will have to accept a crystal-clear policy. Not to say one thing, promise another, think a third, do a fourth, and promise a fifth. Those are primitive illusionists, not politicians. When they are joined by the political drumbeaters who are constantly shouting that they are fighting for some expanded Serbia or some other great state, then they should be clearly told: There is no great Serbia or small Serbia. Serbia is Serbia, Bosnia is Bosnia, and Herzegovina is Herzegovina."

[Barisic] And the Federation of Bosnia-Herzegovina?

"For me as a soldier, the federation does not exist. I first look for the law, that is, the legal foundation on which the Army of the Federation exists. That still is not there. We Croats have been constantly insisting on a Law on Defense, but the other side has been dragging its feet. Aside from that, I am interested in the concept used for organizing that army, what objectives will it be used for, to whom will it be accountable, and who will pay for it? Until all those elements are crystal-clear, laid out on the table, debated at length, legislated, accepted by political institutions not only of the Croats of Bosnia-Herzegovina, but also by European elements, there can be no question of any transformation of the HVO, because the HVO is the guarantee of our people's survival, and we will not accept any formula of political abstraction that would leave us without a military force." On Izetbegovic's offer of the Army of Bosnia-Herzegovina being the Army of the Republic of Bosnia-Herzegovina, and of making up the Army of the Federation from the HVO and certain Muslim units, Roso commented briefly: "I am not interested in Bosnian lamb stew."

Arriving at Long-Range Interests Through Patience

[Barisic] The representatives of the Muslim Army are announcing a major offensive as the end of the cease-fire approaches.

[Roso] That is their problem, not the problem of the Croats of Bosnia-Herzegovina.

[Barisic] Fine. But how will the HVO behave in that case?

[Roso] I do not have command of the HVO, so I cannot speak about that. I nevertheless think that the HVO will do what is in the interest of the Croatian people. At this point, this means that it will work to preserve and conserve its potential as a nationality and to create the preconditions, especially economic preconditions, for our political future. I think that in going through all the troubles in this century we have matured as a people, that we have patience when it comes to our long-term national interests, and we will not become involved in any risky adventures.

[Barisic] Even military?

[Roso] Not a chance!

[Barisic] I must put this question: Are the Serbs the winners of the war in Bosnia-Herzegovina?

[Roso] No.

[Barisic] But they do control about 70 percent of the territory of Bosnia-Herzegovina.

[Roso] I have already said what I think. No one has stolen any hills, my good man, and the Serbs cannot do that either. What is more, I think that at some point the time will come when the territory now held by the various sides will have to be reorganized.

[Barisic] We asked him how life would be in Sarajevo, a city in which one pays with his life for a lapse of caution. We saw on the wall a calendar dominated by a map of the Bosnian Kingdom in the time of Kotromanic and inside are reprints of the Croatian crests of various prestigious families (Kotromanic, Hrvatinic, Frankopan...) or regions (Rama, Herzegovina, Bosna...), a souvenir of the last Bosnian queen, Katarina, and portraits of King Tomislav, Ante Starcevic, Safvet-beg Basagic....

[Roso] I have been living this drama profoundly. I have been in constant contact with our people and with our church, and not only with Croats, but also with the Muslims. Sarajevo is not only surrounded, it has been completely forgotten. Man as an individual, as a free individual and supreme natural value has been practically destroyed. The stock of intellectuals, people who know what is happening and who could withstand the destiny of Bosnia-Herzegovina, have been destroyed. Now, certain extremes are accentuated, and it is clear that in extreme behavior there is no development, that it leads to ruin. As a soldier, I have had to say this because it is obvious that the lack of conscience and consciousness in certain people will lead not only Sarajevo, but also a good part of Bosnia-Herzegovina to a still greater disaster.

Only Faith, Morality, and Ethics

Ante Roso has spent his last 20 years as a soldier. He was born in 1952 in Osijek (his father was from Ljubusko and his mother from Imotski), he went abroad very young, and at 17 and a half he joined the 2d

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Paratroop Regiment of the Foreign Legion; in 1972, he obtained the status of a political emigre; in 1990, he came back to the homeland with 65 officers who joined what then was the National Guard Corps. Roso soon became a general and commander of special units of the Croatian Army, and before his present post he was chief of the General Staff of the HVO. It was at that time that reorganization of the HVO was undertaken: "We took over the NATO standard, a scheme that impressed us and that we could defend in terms of mathematics, law, and engineering. We will gradually undertake its development, so that the equipment and technology replace man in the trench as the first factor. We will also continue to strengthen the professional part, which I hold to be extremely important."

[Barisic] And the UNPROFOR [UN Protection Force]?

[Roso] The UNPROFOR is a necessary evil. We have good relations with them, and that is what I think we should have. Sometimes there is quite a bit of exaggeration about their activity, because people do not understand what they are here to do. This is not their war, but ours. They cannot be expected to die for us or for the Muslims or Serbs. Certainly, they must abide by a certain order. Nevertheless, their role has been favorable overall, because, in the end, by securing the humanitarian aid convoys they are making it possible for many people to survive. And that is a big thing.

He did not want to speak about the time when he went into military action along with his men when he had the rank of general. "That is my private affair," he said. "Death is a part of life and that is how it should be seen. I often confronted it abroad, and after that you begin to value life."

General Roso is an optimist. He says that he has been guided in his life by firm faith, morality, and ethics. He does not put up with stupidity or collaborate with people with whom nothing can be done. That energy and vitality are probably the fruit of the soldier's way of life: "I am always on the move. The day has 24 hours, and a healthy and reasonable man must make use of that time. I am persistent, but experience has taught me that work can achieve objectives that seem unattainable at the outset. And I love to plow the sea."

HVO-Army Cooperation in Posavina Viewed

95BA0253A Ljubljana OSLOBODJENJE in Serbo-Croatian 11-18 May 95 p 5

[Interview with Mirsad Djapo, deputy in the Assembly of the Republic/Federation of Bosnia-Herzegovina, by Hamid Deronjic; place and date not given: "Boderiste, a Test of the Federation"]

[FBIS Translated Text] *The recent large chetnik offensive in the Brcko theater in the area of Boderiste has been successfully halted. In a brilliant action carried out to textbook perfection, the fighters of the Army of the Republic of Bosnia-Herzegovina [RBiH] put pressure on the aggressor and restored the previously broken line of the HVO [Croatian Defense Council] to the old positions. Many circumstances in the course of the aggressor's fierce offensive in the Brcko theater have remained unknown to the general public because of the proverbially scant war reports. Mr. Mirsad Djapo, deputy in the Assembly of the Republic/Federation of Bosnia-Herzegovina [R/FBiH] and assistant chief of Brcko Opstina for social services, who was an eyewitness of everything that occurred in and around Boderiste in the last week, spoke about that and about the political background of the enemy offensive against the Boderiste area.*

[Deronjic] What was the aggressor's principal motive in making the Boderiste area, controlled by the 108th Infantry Brigade of the HVO, the target of its attacks?

[Djapo] The Serbian-Montenegrin aggressor and Karadzic's chetniks decided on an offensive against Boderiste above all to check the stability of relations between us Bosnian Muslims and Croats on the free territory of Brcko. It is not difficult to conclude that the aggressor had quite a few indications from the news media that he was burdened with the formation of the so-called Ravne Opstina. The aggressor hoped that by striking Boderiste he would also achieve a certain political effect. His assumption, that is, was that for the reasons mentioned the Army of Bosnia-Herzegovina would not come to the aid of the 108th Infantry Brigade of the HVO in good time, and that he would take advantage of that situation and, in addition to a military success along this extremely important strategic axis, would aggravate still more political relations between Bosnian Muslims and Croats and simply put them in jeopardy. In the end, this would fit in with his intentions to broaden the corridor.

[Deronjic] What are the key factors in the astounding surprise that the aggressor nevertheless experienced in the end?

[Djapo] The exceptionally important strategic position of Boderiste is in first place, and then there was also our fundamental commitment that there not be any exclusive Bosnian Muslim and Croatian territories on the free territory of Brcko Opstina. The Army of Bosnia-Herzegovina, specifically the 215th Motorized Brigade, the 211th Liberator Brigade, and other units

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belonging to the 21st Division, immediately came to the rescue. First to halt the chetnik offensive, and then to completely shatter it. However, there were a number of other matters that had to be dealt with during that week. We in the civil structures of government of Brcko Opstina were aware of this region's specific nature, both because it is controlled by the 108th HVO Brigade and also because the Army brigades recently went through transformation, and this was their first test.

Through the civil bodies of government of the Tuzla-Drina Canton, we tried to link up and synchronize all those factors in the shortest possible time. We did this above all in cooperation with the governor, Mr. Izet Hadzic, the Command of the 2d Corps, division commands, and the Command of the 108th Infantry Brigade of the HVO. As for the executive authority of Brcko Opstina, Mr. Munib Jusufovic, chief executive of the opstina, and I spent practically those entire seven days in the Supreme Command of the 108th Brigade of the HVO and the Command of the 215th Motorized Brigade, and we were in contact with the top officers of the 21st Division. We offered everything that was in our power, significant materiel to all the brigades, and then logistical support to the assistant commander of the 108th Brigade of the HVO. We felt that what was happening in Boderiste was a great test of the federation, an opportunity to check the operation of all its segments. We think that all of us together achieved important results, and the crown of it all was our successful counteroffensive.

[Deronjic] What did the civil authorities of the Croatian people do?

[Djapo] Nothing. I was horrified, for example, that the leaders of the Croatian people from that area did not find it suitable to be in that area at the time. Even the commander of the 108th Infantry was not present; he came only later. I am sorry they were not there to see the harmful consequences that could come from forced petty politics instead of devoted effort to organize defense. I can confidently say that we have a splendid organization. Our teachers, newsmen, and enterprise managers worked to straighten out the lines. While in the civilian part of the so-called Ravne Opstina it was unfortunately not possible at that time to find even 10 men to straighten at least some of the broken lines. As though they had forgotten that we live on the corridor, as though they had forgotten that the aggressor is constantly saying that he has not realized his objectives in the corridor, as though they forgot that the aggressor's objective is to throw all of us to the other side of Majevica.

[Deronjic] Those, then, were visible lapses of a political nature. But the fighting men of the HVO did fight.

[Djapo] In the 108th Infantry Brigade of the HVO, there are quite a few lads determined to defend these areas. I must likewise single out Ivica Filipovic, assistant commander of the 108th Brigade of the HVO, who conducted himself bravely during the entire time of the offensive. First of all, in contacts with us he showed quite a bit of understanding, and then he was quite correct when it came to an attempt to stabilize the lines. But it is obvious that when it comes to the military part of the defense forces, we had done a big job in the previous period. We will require that the same thing be done in the HVO, because defense of these areas is integrated. Responsibility for Zovik, Boca, and Boderiste is the same as responsibility for Maoca, Palanka, and Brka. During the offensive, I had occasion to talk to local people in Zovik, Boca, and Boderiste. They themselves emphasized these advantages of ours. They said: "It is easy for those in the Army because they have their top commanders with them. They are all right there with them." It was incomprehensible to them that Commander Delic of the 2d Corps and Pljakic, chief of staff of the 21st Division, made all the rounds, including the trenches of the HVO.

[Deronjic] In view of everything you have said, do you think that after Boderiste there nevertheless might be certain qualitative changes?

[Djapo] It is obvious that a situation in which an attempt is made by certain segments to create the so-called Ravne Opstina could have cost all of us dearly in this aggressive offensive. I have already spoken about the shortcomings that arose because of preoccupation with establishing the so-called Ravne Opstina, and about the neglect of activities to organize the most effective possible defense. In the local media of the so-called Ravne Opstina, I have seen pictures of some kind of Posavina police. That could cause further disagreements and serious consequences in this area. The institutions of the Posavina Canton do not have the slightest legal basis for installing themselves on free Brcko territory. I am nevertheless afraid that in spite of everything that has happened to us in recent days, there is not enough political sense to work out those problems with cool heads and in a tolerant atmosphere.

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Milosevic's Role, Future Options Viewed

AU0206072795 Zagreb VECERNJI LIST in Serbo-Croatian 29-30 May 95 p 5

[Interview with Hrvoje Sarinic, the head of Office of the Croatian President, by Branko Tudjen; place and date not given: "We Won in Spite of Everything and Everybody"]

[FBIS Translated Excerpt] Hrvoje Sarinic, the head of the Office of the Croatian President, is one of the closest assistants to Mr. Tudjman. He has had various responsible duties so far; he was, among other things, prime minister and head of the Office for National Security. He is well educated, experienced, has spent many years abroad, and speaks several languages. He is a man who enjoys the special confidence of President Tudjman. He is a negotiator and the realizer of the most delicate diplomatic and political missions.

[Tudjen] You were President Tudjman's closest assistant during the most delicate period in the struggle for the international recognition of Croatia. You accompanied him on almost all important visits, conferences, and meetings with other politicians and statesmen. Which moment, or meeting, was in your opinion crucial, if we may ask?

[Sarinic] I have been working with President Tudjman for six years. If I look back at this period, at everything I have gone through at the side of the president, at all moments and meetings, all events that had a historic dimension, I can say that it is almost unbelievable. There have been many such meetings, but I would perhaps point out the meeting in Karadjordjevo and perhaps the one in Tikves. [passage omitted]

Karadjordjevo and Tikves

[Tudjen] The meetings in Karadjordjevo and Tikves still seem to be under a veil of secret?

[Sarinic] These meetings were not approved of by a part of the Croatian population, because these were talks with the main Croatian enemy, which challenged the Croatian right of sovereignty. The president repeated on several occasions, however, that he would negotiate in hell if this would help Croatia.

I participated in some of the meetings between President Tudjman and Milosevic. If I look back at these meetings today, comparing Milosevic and his moves today and during the last five years, I can complete the mosaic of his game. Already at the time when the meeting in Karadjordjevo was held, this game consisted of his agreeing to everything, but he always required time, since this or that thing could not be completed that quickly. In other words, he said that Croatia was absolutely entitled to secede, that we had to solve our problem directly with Knin, that 90 percent of our problem would be solved as soon as a train passed through Knin etc.. Our president listened to all that and accepted it with considerable reserve, because even then we felt that this was a "Byzantine" game, that he was playing his game of achieving a greater-Serbia under a mask of a liberal attitude toward these difficult problems. And finally, everything that followed, including and all the meetings I participated in in Geneva and the Hague together with the president as well as some personal contacts I have had, confirmed that this Byzantine game continued.

It has just been published that Mr. Frasure, the U.S. representative in the Contact Group, returned to the United States without results, with some Byzantine promises, after he spending two weeks in Belgrade. This is practically the peak of the Byzantine game; Milosevic would recognize Bosnia now within its borders, but he would not recognize its borders. For how long will he be able to play this game with the international community, and for how long will the international community allow itself to be taken in by his tricks?

[Tudjen] Has he ever mentioned in the contacts, including Karadjordjevo, certain territorial pretensions toward Croatia, indirectly or directly?

[Sarinic] Never. I mentioned a greater-Serbia during a meeting with Milosevic. He responded very quickly and said: "Do not mention this, I have never mentioned this, the Serbian people have never wanted the territory of other nations, do not speak about this topic...." When I told him that that issue had been continuously current from 1844 to the Serbian Academy of Science and Arts, he replied that there were extremists and lunatics everywhere, but that he had never said such a thing and that he would never say it either. Replying to my direct question about his pretensions toward Baranja—because there were speculations that Milosevic would be ready to make a compromise regarding Kordun, Banija, and western Slavonija, but that he would absolutely refuse negotiations about Baranja—he said that he had already replied to that question, that Serbia would never have pretentions toward foreign territories. He clearly said that that referred to Baranja too.

To What Extent Does Milosevic Control the Army?

[Tudjen] What is Milosevic in your opinion: A convinced supporter of a greater-Serbia, a skillful tactician or a typical "Byzantine" who can cheat and lie, but who can also withdraw if necessary?

[Sarinic] He is a tactician, a shrewd person. He says himself that shrewdness borders on honesty, but he

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does not like to be considered shrewd, he thinks that he is intelligent. It is in any case certain that he is shrewd. Since 1990, which has been a very difficult period, Milosevic has tried to adapt himself to new situations, but he is not in command of the Serbian and the Yugoslav political scene to the degree he used to be. It is questionable to what extent he really controls the army. It is well known which wing is supported by Milosevic, and which is not supported by him. He is in a delicate situation today, more delicate than up to now, both in Yugoslavia as well as regarding his attitude toward Bosnia and the so-called Krajina.

[Sarinic] Although he denies it, he does support a greater-Serbia, but he is one of the rare politicians who have realized that a greater-Serbia cannot come into existence, so that he is trying to rescue now what he can. The closing of the border along the Drina River partially resulted from an agreement and a game, but there is the army behind his back, with numerous generals like Perisic and Mladic. The Croatian Serbs could not wage a war if he did not help them with special units and all these generals. Mikelic has finally openly admitted that Milan Mrksic is a well-known Yugoslav Army general, a member of the General Staff of the Yugoslav Army. Milosevic's problem is also that he might lose the aura of the leader of all Serbs, the idea Karadzic is fighting for, if he stops supporting the Croatian Serbs. Milosevic is now playing the role of a peacemaker, he does not think that he has crossed the Rubicon and that he is a political "desperado" yet, in contrast to Karadzic who has already been stamped as a war criminal, he has crossed the Rubicon and he cannot lose anything any more. He will go very far, and this is where he is endangering Milosevic in his role of the leader of all Serbs. [passage omitted]

Negotiations With the Croatian Serbs

[Tudjen] How would you assess the relations between the rebel Serb leaders today? Who is in charge there today, after their military defeat in western Slavonija?

[Sarinic] There were moments during the negotiations I led with the Serbs in which I could see that there were significant differences and conflicts within the leadership of the Croatian Serbs. Mikelic is absolutely a Milosevic man. He goes to Knin very rarely, he has problems there, it is even claimed that he does not feel safe there. Therefore he is either in Belgrade or in Petrinja. Once when he came to a meeting of the Serbian leadership, he was simply denied entrance. He could not enter and he is the prime minister of their so-called government! He is a man with whom one can talk, I have insisted on several occasions to negotiate with him. Once I asked him whether he had ever considered becoming a Croatian citizen with all rights he is entitled to—including the right to fight for a maximum of rights, which is legitimate—but he did not give me a clear answer. I have to add, however, that the atmosphere was impossible too, with all these guards around, there were also Martic's people there. I think that one could negotiate with him even about the most delicate political issues.

On the other hand, there are Martic, Celeketic, and Loncar who are political "desperadoes." They have already crossed the Rubicon and have nothing to lose any longer; they are the most dangerous.

Babic is a special character on the political scene of the Croatian Serbs. He has already changed all sides, he has been betrayed by Milosevic too. He should have been chosen in the election in which Martic was elected, since he got more than 50 percent of the votes during the first election round. At that time Milosevic said, however, that he would support everyone except Babic, since Babic was not reasonable. When it came to the first election round, he finally said that Babic was not that bad, but that it was Martic who should have the power, which should have been the basis for negotiations too. I usually say that Babic is sinuous. He supports Mikelic today; this is what Mikelic told me in the negotiations held before the action in western Slavonija started. When we met in Pleso on 2 May, Mikelic said that Babic supported all of his attitudes. Babic is probably a man who does not have much energy, but he is considered to be very shrewd, since he changes sides very quickly. I think that his main shortcoming is indecisiveness, which is by some people interpreted as shrewdness. He avoided taking a certain step every time and then changed to the other side. When the merger of all Serbs was recently discussed, he issued a statement in which he said in one and the same sentence that it was in the interest of all Serbs to live in one state, but that they would not do anything which would oppose Yugoslav policy.

[Tudjen] What do you think, will the Serbs accept negotiations about a peaceful reintegration [into Croatia] or will it come to a settlement between them before that?

[Sarinic] As long as the political situation on their political scene is like it is now, there is no possibility for further negotiations. I personally think that someone will pay with his life there. The only person sacrificed so far is Celeketic, Martic is still in power, although there was also a heavy altercation between Mikelic and him. These two wings are now completely adverse and we shall unfortunately not be able to negotiate with them until it is clear who is in charge there.

[Tudjen] What does the announcement of the merger between the Knin and Pale "creations" mean?

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[Sarinic] If it comes to that merger, this means that the extreme wing—the one led by Martic, Karadzic and Krajisnik—has defeated the liberal. It is absolutely certain that this is an irresponsible political act. I would not like to make any speculations about it, but it will be necessary to analyze the effects of such a political act on Bosnia-Herzegovina, Croatia and the international community in the sense of the UNCRO [UN Confidence Restoration Operation in Croatia] mandate implementation. If it comes to that act, and if the UNCRO succeeds in implementing its mandate according to the Resolution No. 981 about the control [kontrola] of the Croatian borders, we could say: All right, this is an irresponsible political act, but the resolution is finally being implemented.

I personally have deep doubts about it, however. Because, although the situation was not like today, the Serbs did not accept the UNCRO resolution and the control of the borders.

It will have to come to negotiations about the normalization of relations some day, and I hope that there is no rational person who could assume that we would discuss this issue with Karadzic from the point of view of the Serbian merger. It is certain that Karadzic will be in charge of the game if it comes to such a merger. What worries me most is that that decision would be the final victory of "hawks" over "doves." [passage omitted]

Opposition Seeks Croatia's World War II Borders

LD0106161595 Belgrade TANJUG in English 1546 GMT 1 Jun 95

[FBIS Transcribed Text] Zagreb, June 1 (TANJUG)—Several opposition parties have founded the Croatian national bloc, and one of its objectives is to annex to Croatia parts of Vojvodina (the northern province of the Yugoslav Republic of Serbia) and the bay of Boka Kotorska (in the Yugoslav Republic of Montenegro).

Representatives of the Croatian Democratic Party of Rights, the Croatian National Movement 'Free Croatia' and the Croatian Homeland Party said on Thursday that the 'defense of Croatia's national ideas and state interests' will be achieved also by 'urging the unification of Croatia and the Republic of Bosnia-Herzegovina into one independent state.'

This plan is based on the borders of the independent state of Croatia, a quisling state formed by fascist Germany during World War II with the help of the Croatian Party of Rights then headed by lawyer Ante Pavelic.

Representatives of these parties have said that they will fight against 'all forms of the Yugo-option.'

The task of this opposition bloc is jointly to run in parliamentary elections next year with the Croatian Party of Rights, which has deputies in the current parliament.

This bloc might be joined also by the 'Nation-Building' branch of the Croatian Democratic Union—the national chauvinists of the ruling party in Croatia, sources in Zagreb said.

Deputy Defense Minister Discusses Latest Weapons

LD0106141295 Zagreb HTV Television in Serbo-Croatian 2200 GMT 31 May 95

[FBIS Translated Excerpt] Our guest this evening is Major-General Vladimir Zagorec, assistant minister of defense in charge of acquisition, production, and ordnance. Mr. Zagorec, good evening and welcome to our program. Did you use tactical and political reasons when deciding what, how, and what quantity of equipment you would show at the parade yesterday and at the opening of an exhibition of the Croatian military industry today.

[Zagorec] No army in the world has ever shown everything it has. We kept to the same rule.

[Announcer] Tell us, what are the weapons that we saw at the parade yesterday that you consider to be the strongest point and state-of-the-art in the Croatian army arsenal?

[Zagorec] The Croatian Armed Forces parade displayed the technical and technological ability of Croatian military production and Croatian economy, with the emphasis on small privately owned enterprises and large public enterprises. In light of the fact that we entered into the homeland war practically unarmed, over the past four years we have achieved so much in our military industry that I can state with full responsibility that technologically we can consider ourselves to be one of the stronger countries in Europe.

We need to emphasize in particular the production of the M-84 tank. We should also single out the Strela-10-CRO medium-range antiaircraft system, which is also entirely produced in Croatia. This technological knowledge has facilitated the construction of a self-propelled surface-to-ship launcher [mobilni obalni lanser] which is used for firing RBS-15 state-of-the-art missiles, with an 80-km range. It can also be used for land operations, that is, it can be used as a surface-to-surface system.

I must also mention the production of the Tajfun self-propelled multiple rocket launcher for firing 122-mm Grad rockets, with a 20-km range.

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Among the artillery weapons entirely produced in Croatia I would like to single out the D-30 122-mm howitzer which enables us to make a transition in the shortest period of time to NATO 155-mm artillery weapons.

For the mobility of our land forces I can single out the LOF TORPEDO light armored vehicle, which is produced in several versions as a reconnaissance vehicle, a command vehicle, or a vehicle for electronic communications.

[Announcer] It seems to me that observers and ordinary people alike were most interested in the so-called S-300 rocket system, if I am not wrong. This can be compared to the Patriots which were used in the Gulf war. First, is that true, and then it seems to me that of particular interest were the Mi-24 helicopters, one of the most modern weapons in the world.

[Zagorec] I said at the beginning that the army cannot show everything. It cannot get into explaining everything.

[Announcer] Did we see the S-300 system yesterday at all?

[Zagorec] Yes, we saw the S-300 system and the Mi-24 helicopter, which is one of the most powerful helicopter gunships in the world.

[Announcer] What can be produced in Croatia for the needs of the Croatian army now? And what long-term production project is there once we are admitted to the Partnership for Peace program, in cooperation with NATO?

[Zagorec] At the exhibition of weapons and the republic's military industry's special purpose production which was opened at the Zagreb fair today I would like to single out the new Croatian tank, the DEGMAN, which is characterized by better protection, reactive armor, a low silhouette. Which means it can be considered one of the best tanks in the world.

I would also like to mention the assault gun with sights [jurisna puska s optikom], which can be compared to the most modern guns in the world such as the M-12, the Steyer AG, and other guns. Then the Croatian 9-mm pistol, the MAX-12-7 sniper rifle, the 40-mm hand-held grenade launcher known as the MGL, the 20-mm sniper hand-held cannon which is unique in the world, and sea mines. I would like to invite all those interested to visit the exhibition which will paint the best picture of military production.

[Announcer] Let us just have some more details on the DEGMAN tank that you just mentioned. Is it true that this is its first public appearance, its first photograph. This roughly equates to the Croatian Leopard. Am I right?

[Zagorec] Yes, you are. This is its first appearance, and it is in practice a prototype that has been completed. [passage omitted]

Interior Minister Ivan Jarnjak Profiled

95BA0253C Zagreb HRVATSKI OBZOR in Serbo-Croatian 8 May 95 pp 18-19

[Article by Marko Barisic: "Ivan Jarnjak: A Policeman Who Does Not Close His Eyes"]

[FBIS Translated Text] A few days ago, when he was setting up the police stations in Jasenovac and Okucani, he could not hold back a delighted smile. The minister spoke cordially with his police officials, wishing them success in their work. Nevertheless, even then he did not forget to mention: "Croatia is a law-governed state, and you have to establish and maintain order and peace here, in the same way as toward all citizens." This had to do with the Serbian civilians who decided to stay in their homes after liberation of the areas of western Slavonia from their extremists, and the very first day, while fighting was still going on in certain areas, Ivan Jarnjak let them know that they would not regret it. Neither the domestic nor foreign reporters noted a single case of harassment or shameful treatment of the Serbian civilian population. However, this was no exception for Interior Minister Jarnjak, a consequence of the well-intentioned nature of the action of police forces and territorial military units, but a continuation of what he has been doing for more than three years.

Breaking the Chains of Theft

His credo might be summed up in the phrase: "Either Croatia will be a law-governed state, or I will not be a minister." He has therefore earned the respect of both the incumbent party and also the opposition. He is appreciated not only by those who think that "sometimes the police must close their eyes under the circumstances of war." But Jarnjak does not "close his eyes" to either criminals or police. It is not well known that about 5 percent of his officials have had to leave the service because of "overstepping authority." Nor that every grievance of a citizen about the work of the police reaches his desk, and he personally forwards it to the oversight agencies. He likewise fights for his officials, whether in terms of improving their material condition or the possibility of better training. In addition, he has brought into the police a large number of educated experts who have even given that institution a different "flavor." The result of all that is creation of an effective and civilized government institution in which the public

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has confidence. This can be seen at every step, from a civil meeting with a policeman who is controlling traffic to the rapid resolution of the most complicated criminal cases. And this is the most important thing that Jarnjak has done. He has taken the police dimension out of crime and has not allowed violation of the law to be justified in terms of the needs of war, the political party, or the region. That is why the reports that he presents to the oversight body, the Parliamentary Committee for Domestic Policy, have received high marks.

Jarnjak did not become minister by accident. He was first named by Franjo Greguric, who was then prime minister (in August 1992); for nine months he was the deputy of Ivan Vekic, who was then minister of internal affairs, and he was given the task of coordinating all the operational sectors, with special emphasis on the Service for Protection of Constitutional Order (SZUP). And it was in monitoring the work of that service that Jarnjak showed what kind of man he is and what kind of political views he represents. He resisted efforts to make of this service a tool to be used in party politics, with its help he severed organized car-theft chains, and he stopped the drug trade. That is one reason why he had political problems, and there has been talk about his replacement several times. However, those were more the desires of parts of certain other services that would like to conceal their own incompetence and inability by removing a minister. There is no question that they also wanted to extend their influence, mainly on political life. Jarnjak's statement that "opposition parties are integral parts of the Croatian political system" was not to their liking, nor was his fierce fight against attempts at unlawful supervision over parts of Croatian democracy (tapping the telephones of politicians, and so on).

However, just as in domestic affairs he fought for Croatia to be a state in which the law rather than the arbitrariness of individuals or groups is in effect, so he has also worked with equal fervor to give the Croatian police the ability to contribute to the liberation and subsequent establishment of the rule of law in the now-occupied areas. Jarnjak has created an entire organizational chart, he has trained personnel, he has provided the infrastructure, and when liberation does come that system only needs to be moved to the new sites. Western Slavonia is only an example and the crown of one such effort. In addition, it is not well known that it was Minister Jarnjak who initiated the professional training of Croatian people from Bosnia-Herzegovina, who then carried the main burden of opposing Serbian aggression. Later on, through the monitoring of Croatian borders, he made a large contribution to reducing the lawlessness in Herceg-Bosna, which at one point assumed unreasonable proportions—even to the point where armed groups were collecting taxes, disarming entire police stations, or even extorting "protection" from the owners of business establishments.

Often Without a Bodyguard

All of these actions are a reason why the Croatian police, although operating in a state that is exposed to aggression, enjoy a high reputation even with the international public. It has been accepted into Interpol, it has established good cooperation with neighboring states, foreigners who visit feel safe in it (which is why tourists are coming back), and the crime rate at the moment is also lower than in other states (Italy, for example). The Ministry of Internal Affairs [MUP] received the highest recognition for its action to provide security for the pope's visit to Croatia. After the halting of the evictions, which the police had to attend as part of their official assignments, the picture of Croatia has altered greatly with various organizations for protection of human rights as well. It now enjoys the treatment of a typical central European state in which the police are not an instrument for government oppression over the public (as was the case in the former communist system), but is mainly aimed at safety of its citizens and the security of the present constitutional order. Also, the police (both public and undercover) do not meddle in political processes, they do not do their job to benefit one political group or another, but they are a service to the institutions of government. If the judicial authority soon joins in this process, then the citizens of Croatia will have no reason to want to live in any other state, at least as far as protection of their own rights is concerned. We should never forget that Ivan Jarnjak, born in Bednja in Zagorje (on 9 April 1941), has helped Croatia greatly (as far as the police are concerned) in becoming a normal European state with a legal system in which no one is guilty until proven guilty in a court.

Flexible toward differing opinions, open to the public, critical of the results achieved by the ministry he heads, direct in his dealings with people (he often goes without a bodyguard), he is braver than necessary (on his own initiative, he negotiated with Miles while the latter was pointing a pistol at him); thanks to his quiet but persistent effort, Jarnjak has the status with the Croatian public of an instrument for democracy. Although this need not be expected of a police minister, he has applied the principle of putting his political effort at the service of the Croatian state more than many loudmouths in either the incumbent party or the opposition parties. He did not even furnish himself an apartment of 100 or more square meters, like some of his fellow party members (he is a member of the HDZ [Croatian Democratic Union]) who did not let that

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chance slip. It is of interest that such people are much louder in emphasizing their Croatism than Minister Jarnjak.

Modesty and Persistence

Modesty and persistence on the job are probably the consequence of his career up to this point, in which he has passed through all the stations, and they were not always strewn with flowers. He began as a lathe operator, took a job in a Zagreb factory (TEP), and then he first finished high school while he was employed, and then also the Junior College for Organization. He also attended a course in the German language (at the fourth level), worked hard at karate, and was promoted at work. In the end, he became the manager of the factory where he started out as a worker on a machine, and then after the first democratic elections he became president of the Krapina Opstina Assembly. Greguric recommended him for the ministry. "I would not want to get involved," with respect to the military intelligence service, and "of course," when it came to opening police stations throughout the liberated area of western Slavonia; these are not just dialectical tricks of his that add to his directness in political statements, but they are also an expression of his political views. Uncompromising reestablishment of Croatian authority in all the occupied areas (Jarnjak is not an advocate of the idea of simply co-opting the Marticites into the Croatian police) and an exclusive orientation toward his own part of the job, without taking part in creation of political scandals, those are his commitments. This is confirmed both by his workday (from 0700 to 2200 hours) and the good organization and high degree of responsibility both toward governmental oversight bodies and also toward the public. It is difficult to say whether he will be the minister when a Croatian police station is reestablished in Knin. But regardless of how events develop, Minister Jarnjak has earned a great deal of credit for removing the stigma of the billy club and pistol from the police as a profession and for the Croatian policeman having become a polite and decent, but also uncompromising, protector of the rights of every citizen and a supervisor of law enforcement. If he did nothing more in these three years, that would be more than enough.

HSLS's Herak Criticizes IDS 'Radical Wing'

AU0106154195 Zagreb VECERNJI LIST in Serbo-Croatian 23 May 95 p 7

[Interview with Ivan Herak, HSLS member from Istria, by Darko Pavicic in Porec; date not given: "Istria Has Nowhere To Run"]

[FBIS Translated Text] According to some opinion polls, Ivan Herak, member of the parliamentary HSLS [Croatian Social Liberal Party] from Istria, is the second most popular politician in Istria and the most popular Istrian politician in Croatia. Far in front of him in Istria is Luciano Delbianco, and behind him there is Ivan Jakovcic, Herak's former party colleague, the president of the IDS [Istrian Democratic Congress].

Herak, who, only a year ago, was one of the party leaders, is today one of the fiercest critics of IDS policy. He claims that the situation in Istria has been sharpened by the radical wing of the IDS, which, he says, supports an Istrian referendum on the Istrian autonomy.

We talked with Ivan Herak in Porec.

Defeat of the IDS Radicals

[Pavicic] Your thesis is that, after the Congress of Istrians in Pula, nothing is the same as it used to be on the political map of Istria?

[Herak] I did say that, after the Congress, nothing is the same as before because some facts—at least regarding the party in power in Istria, as well as former inhabitants of Istria—have become much clearer. The main characteristic of the Congress is that it represents a defeat of the radical stream of the IDS. And the declaration of the Congress itself is "soft" in comparison to some recent stands of the IDS leaders, much "softer" than the one demanded by the IDS radicals. The basic characteristic of that declaration is that it implicitly contains Pan-Croatian regionalism.

[Pavicic] How much did other parties, other than the IDS, win or lose after that congress?

[Herak] Certainly the IDS lost some sympathy with the electorate after the congress. On the other hand, I am sorry that the IDS leadership is not aware that the HDZ [Croatian Democratic Community] profited on the level of all of Croatia. Namely, the HDZ has at last succeeded in justifying many of their moves toward Istria in the past four years.

Between Two Rams on a Plank Bridge

[Pavicic] And how much did the HSLS profit?

[Herak] I think that we, between two rams on a plank bridge, have had the most rational attitude, the most moderate and politically the most realistic, which, unfortunately, has not been adequately presented in the media. After the congress, we have confirmed our position in Istria, which is now twice as good as at the last elections. Finally, the HSLS in Istria has become a party that does not want the Istrians' feelings toward the HDZ to develop into the Istrians' feelings toward the Croatian state.

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[Pavicic] Which groups of the Istrian electorate is the HSLS in Istria targeting?

[Herak] We are not targeting any particular groups. The HSLS has, namely, made its program unique. This program treats the issue of the Italians in Istria, the issue of autonomy, and specific economic problems separately. We will try to achieve better results through this unique program.

We find this task particularly difficult, primarily because of the behavior of the HDZ toward Istria over the last four years. I think that the position of the HSLS will mainly depend upon the events on the political map of Croatia, that is, upon the results of the next elections, because most of the events in Istria represent a reaction by IDS voters to the behavior of the party in power.

Practically the only thing that is left for the HSLS to do is to pull the chestnuts out of the fire, regarding what the HDZ has done in the past.

New Political Map

[Pavicic] One of your thesis is that the IDS is not completely in control of the situation in Istria, that is, the crucial positions—for instance, in the economy—are held by the HDZ?

[Herak] That's right. Although it may sound unbelievable and inappropriate, the HDZ favors the situation in Istria at the moment. The first reason for that is, even if Istria wanted to escape, it has nowhere to go! All the instruments of power in Croatia are totally in the hands of the party in power, as far as Istria is concerned. For example: the economy, the judiciary, the army, the police—the IDS alone holds all the political power and might to govern the citizens of Istria.

Further, it is convenient for the HDZ to create an internal enemy, which is always helpful for parties in power, and finally, through the radical wing of the IDS, the HDZ justifies its centralism, which is sanctioned in Croatia.

[Pavicic] You are dealing with a lot of radical stands of the IDS?

[Herak] I believe in a healthy and original IDS and would have nothing against the electoral victory of an IDS that would advocate Croatian regionalism and an atmosphere of such regionalism. And I think there is a "healthy core" within the IDS that is mostly in the executive power and, politically, does not participate enough in the IDS.

[Pavicic] What should be done to overcome the "bad climate" that has developed, now not only between Zagreb and Istria, but also between Istria and other parts of Croatia?

[Herak] Every political group has to "charge" its political victory with the people who voted for it. The IDS has not succeeded in that. Not only has the IDS not succeeded in reconciling the antagonism in relations between Istria and Zagreb, between Istria and the present state authority, but it has also spread it to other political groups, except the HND [Croatian Independent Democrats] and, I think, the ASH [Action of Social Democrats of Croatia] and the SDU [Social Democratic Union]. Such a policy is surely taking Istria into political and economic isolationism. The solution? The solution is in future parliamentary elections and possibly in a new political map.

But I think that, regardless of the elections, populism will increasingly retreat before the political programs of the moderate political options and then the fashion of beating Croatian and Istrian breasts will not continue.

[Box, p 7]

Pan-Croatian Regionalism

[Pavicic] To what extent is the HSLS policy based on mistakes made by the IDS, and what are these mistakes?

[Herak] The IDS has made many mistakes, but the HSLS strategy in Istria is not an attempt to "score" off the IDS's mistakes. Our program is clear, on both the level of Croatia and that of Istria, and it will surely muster a certain part of the electorate. The basic difference between the IDS and the HSLS in Istria is the Pan-Croatian regionalism advocated by the HSLS, unlike IDS's political selfishness that aims to win special status only for Istrian region. There is no difference in economic views, but there is a difference between the IDS and HSLS in the defining of political priorities.

It is clear that mistakes made by the IDS will influence voters to change side. On the other hand, since the IDS won 72 percent of votes, it is clear that a some HSLS voters will be "recruited" from within the ranks of the IDS.

[Box, p 7]

Autonomy Is Not Possible

[Pavicic] In future, will Istria strive for some kind of autonomy, that is, is some kind of a referendum on autonomy, the one you said the IDS was announcing, possible?

[Herak] A referendum on autonomy is a "secret desire" of the radical wing of the IDS, in which I also include

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the party president. It was the same when I was in the IDS. I can say that autonomy was the basic reason for my departure from the IDS. However, I am happy that the idea of Pan-Croatian regionalism has won out in the IDS regardless of my absence, and that is obvious from the interview with Delbianco in GLOBUS.

I think that autonomy is absolutely impossible, because the mechanisms to accomplish it are unrealistic. There is no political group in Croatia that would give Istria a special status, although the IDS mistaken believes that only the HDZ thinks so. And, as the opinion polls show, only 25 percent of the citizens of Istria support Istrian autonomy. It is very interesting to note that most people in Istria want to have a region that will include higher incomes than is the case today. One could say that they want more economic independence, both in the sense of ownership and in the sense of the participation of regions in taking hold of fiscal incomes.

I have a feeling that the rest of Croatia is angry with Istria, but I would like to make a clear distinction and distinguish between the radical wing of the IDS and all that the citizens of Istria have been doing throughout history and are doing for Croatia today. It is worth saying that the Istrians are responding to mobilization calls to the utmost and that a significant number of displaced persons have been accommodated in Istria, so—Istria breathes and lives like Croatia. Therefore I would not like the radical wing of the IDS to represent the mood in Istria towards Croatia.

Croatian Government Tested in Istria

95BA0249G Belgrade POLITIKA in Serbo-Croatian 26 Apr 95 p 7

[Article by R. Arsenic: "Two Truths About Istria"]

[FBIS Translated Text] Zagreb, 25 Apr—The First World Congress of Istrians, held recently in Pula, is once again stirring up the political scene in Croatia. This might well have been expected, because in addition to the topics closely tied to this region, the meeting in Pula also debated in the most open way to date a topic that strikes deep into the essence of relations in Croatia today. This involves two views of Croatia's internal arrangements that are getting further and further from one another, but the choice between them is crucial to Croatia's future: Will it become a unitaristic, centralistic, and authoritarian state in which all life and activity will be tailored by a single center (one party and actually one person), or will Croatia truly set out on the road of democracy, in which regional differences and interests will also be honored?

The Istrians, as is well known, have distinguished themselves the most in advocating abolition of the present rigid centralism in Croatia on which the authority of the HDZ [Croatian Democratic Union] is based, and that is why they are the biggest thorn in the flesh of those who wield that power. These aspirations were also evident at the congress we have mentioned and in its final document, which is why supporters of the HDZ and its form of government are accusing the organizers of the congress of Istrians of being anti-Croatian.

In recent days, newspapers under control of the incumbent party (VJESNIK, VECERNJI LIST, SLOBODNA DALMACIJA, OBZOR, and so forth) have been full of articles that portray in a one-sided and unfounded way the aspirations of the inhabitants of Istria, which is one of the most highly developed and civilized regions in present-day Croatia.

It is no wonder, then, that Dr. Branko Horvat, leader of the Social Democratic Union [SDU], warned at a recent news conference of that party: "The behavior of the HDZ toward Istria is politically dangerous because it encourages irredentist aspirations in the population there." He sees similarities here with the behavior toward the Serbs in Croatia in 1990, when, he said, they were "thrust into the hands of Belgrade and Knin extremists."

Although the HDZ campaign and offensive against the Istrian leaders is fierce and bare-knuckled, they are not very excited in the IDS [Istrian Democratic Conference] and are responding coolly to those attacks and insinuations. One notable statement on this topic was in the most recent issue of FERAL TRIBJUNA of Split by Ivan Pauleta, one of the founders of the IDS, the most popular party in Istria, who says:

"People who have no connection to Istria except having been moved here temporarily and given Istria as an assignment tried to ruin the congress. Those are people who on the basis of their official duty ought to be in uniform, hard-backed Herzegovinians who aside from their duties assigned in the secret services, recruitment services, and paramilitary organizations, have absolutely nothing to do with Istria. And they were the most vocal."

Pauleta responded as follows to the accusation of Marin Golob, leader of the Istrian HDZ, that "he is selling out Istria under the influence of Serbian politicians like Dobrica Cosic": "Those idiocies were uttered by a man who is an out-and-out fool. At first, I thought that Golob was a man of limited mental capacity, but good-natured. However, when he openly called for lynching, I realized that he is also something else. I shudder when such a man sets out in politics, but then again we know what kind of politics and whose politics."

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Hadzic Explains Opposition to 'Rapid Unification'

AU0106183695 Belgrade NASA BORBA in Serbo-Croatian 1 Jun 95 p 7

[Article by S.N. Adamovic: "We Are Not Forming Any Parastate"]

[FBIS Translated Text] "We do not favor a unification that would be carried out quickly, which is something we cautioned against in Borovo Selo. In the case of such a unification, a question arises as to what will happen with the people of eastern Slavonia.

"The coordinating committee for Slavonia, Baranja, and western Srem is not a separatist body. Its goal is to standardize the work in this entire region and offer assistance to the people in the organization of work in eastern Slavonia," Goran Hadzic, president of this newly formed body, whose activity sparkled numerous speculations on whether eastern Slavonia would secede from the remainder of the Republic of Serb Krajina [RSK] in the foreseeable future, stated for NASA BORBA.

This coordinating committee was formed on 25 May, directly after the session of the RSK Assembly in Borovo Selo. As Goran Hadzic told us yesterday, the body consists of the presidents of all five municipalities in eastern Slavonia, the ministers of agriculture, industry, culture, and religion from Mikelic's cabinet, Borislav Bogunovic, deputy speaker of the RSK Assembly, and Goran Hadzic, who was unanimously elected as its president and who, beside this, also holds the posts of the government plenipotentiary for Slavonia, Baranja, and western Srem and president of the eastern Slavonia crisis headquarters. According to reporters, a fierce debate precisely on this subject took place at the 29 May assembly session in Knin, at which a special conclusion was adopted, condemning the "destructive activity of Goran Hadzic, the so-called president of the coordinating committee, Deputy Assembly Speaker Borislav Bogunovic, and deputies Debraca and Dokmanovic."

Belgrade More Important Now

In the interview for our newspaper, Goran Hadzic maintained the position that the newly formed committee does not wish to create any parastate. He reminded that this newly formed body had issued a short letter to all important political factors in Krajina before the Krajina Assembly session, in which it aired its views about the announced unification of the RSK with the Serb Republic. "We do not favor a hastily implemented unification and we warned at the assembly session in Borovo Selo that 31 May was too early a date and that, in the case of such a rapid unification, a question of what would happen with the people of eastern Slavonia would arise," Hadzic said.

Yesterday, he also reproached the deputies who attended the Assembly session in Knin "for, instead of dealing with more important issues, mostly wasting energy to attack the leadership of Serbia and conceal the real blame for the defeat in western Slavonia." "We all voted for the unification with the Serb Republic in Borovo Selo, however, we were convinced that point 6 of this decision, which says that the unification will not be undertaken if this will be contrary to the interests of the FRY, would be honored," Hadzic said and added that, in his opinion at the moment, it would be much better for the people of the RSK if they would turn to Belgrade instead of Pale—bearing in mind that the lifting of sanctions is perfectly realistic.

However, it almost seems that Hadzic himself does not believe that this unification will really happen so soon. "I am afraid that there will be individuals who currently hold power in the Serb Republic and the RSK and who would be dissatisfied with any future post in the new common state. You know, there is only one president's post, however, there are several pretenders to the post—I know at least of three... we shall see if an agreement can be reached here at all," Hadzic said in the interview for NASA BORBA.

Unification: Catastrophe

Borislav Bogunovic, vice president of the RSK Assembly, spoke about the announced unification and the reasons why he did not attend the assembly session in Knin for Serbian Radio Borovo Selo on Tuesday. On that occasion, he remarked that he voted for unification in Borovo Selo, but that, prior to this, he had warned the deputies that this would not be realized with the consensus of eastern Slavonia. "Momentarily, this is not good for the people of Slavonia, Baranja, and western Srem because we do not have a link with the Serb Republic, because we know the status of the Serb Republic—we do not have a payment operations' system and, in the case of unification, sanctions would also be imposed against us—all in all, this would be a true catastrophe for the people of eastern Slavonia."

On that occasion, Borislav Bogunovic also spoke about the assembly session in Knin, which was only attended by 49 deputies, among whom, as he said, there were no deputies from western Slavonia. He concluded that if only 49 deputies out of 85 arrive "then this must mean something and should serve as a warning to those who organized the assembly session in Knin on 29 May."

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[Box, p 7]

In Case of Unification—Referendum in Eastern Slavonia?

Goran Hadzic found it the hardest to answer the following question: "If the Serb Republic and the RSK were nevertheless to unite, for example, tomorrow, what would your coordinating committee do?"

We have no plans for the time being, he said and added: "If a rapid unification nevertheless takes place, we will check what is truly in the interest of the people of eastern Slavonia. I think that the best way to establish this would be a referendum."

Serb Krajina Army Colonel on Slavonia Defense

AU0106133795 Belgrade TELEGRAF in Serbo-Croatian 24 May 95 pp 12-13

[Interview with Colonel Lazo Babic, commander of the 18th Corps of the Serb Krajina army, by Zeljko Kopanja; place and date not given: "We Could Have Defended Western Slavonia Had We Received Help in the Form of Armored-Mechanized Units and Several Thousand Troops, and Had Fronts Been Opened in Other Parts of the Republic of Serb Krajina"]

[FBIS Translated Excerpt] Colonel Lazo Babic used to be the commander of the 18th Corps of the Serb Krajina army, which the Croatian forces routed in two days and thus captured Western Slavonia. Many people believe that this hardened and experienced officer, who has been fighting since 1991, is one of those to blame for the defeat, numerous casualties, and a fresh exodus of the Serbian people from the region, but just as many people believe that Colonel Babic, together with his corps, was sacrificed for some other, "higher political interests."

In an exclusive interview for TELEGRAF, Colonel Lazo Babic recounts his view of the events on the front between 1 and 2 May.

[Babic] I feel extremely bad. I primarily feel bad for the people, whom we could not protect from the Croatian attack despite promises and guarantees that we would do so. In the professional sense, the military sense, my conscience is calm, because I know that together with my associates, I did everything, literally everything, that was in my corps' power to do in order to avert this terrible defeat. I am still thinking about it and searching for answers to certain questions. I primarily dwell on the question: why was the corps left to its own resources? That is, why is it that no one could or wanted to help us?

[Kopanja] Who were you expecting help from?

[Babic] The concept of defense in Western Slavonia, that had been coordinated with the war plans, in case of an attack provided for significant help from the Serb Republic army and other units of the Serb Krajina army. I do not wish to level any accusations, since everything happened much too fast. Moreover, it is debatable whether the Serb Krajina army at that point had any units to spare, so it is difficult to make hasty assessments. However, the reality is that the 18th Corps, in terms of number, hardware, and above all its strategic position, could not defend the area by itself. [passage omitted]

[Kopanja] Could Western Slavonia have been defended at all?

[Babic] Yes.

[Kopanja] How?

[Babic] Right from the start, on the first day of aggression, we immediately needed help in the form of several thousand troops ready to fight and armored-mechanized forces that would stop the fast advance of the numerous Croatian forces. However, even that would have only been sufficient if other fronts were opened throughout the Republic of Serb Krajina which would have prevented the Croats from grouping their forces. Actually, what should have been done to save the territory was to proceed according to the coordinated war plans. Alas, you know that paper is one thing, and life another. What happened was that 3,500 people had to defend 80 kilometers of the front from a far more numerous and technically superior enemy. The ratio of power in certain areas was 11 to 1 in manpower and 21 to 1 in hardware for the Croats. Those who do not have a clear perception of what this means should recall the bloody battles for the area that the Yugoslav People's Army Banja Luka Corps waged in 1991. The Banja Luka Corps had elite troops and hardware that was significantly superior to that of the Croatian forces, yet even so it was hard. [passage omitted]

[Kopanja] When did you realize that the battle had been lost?

[Babic] On the second day of the attack when the Okucani-Pakrac communication was severed, and when the Croats broke through our lines near the village of Rajici thus opening the way toward Okucani. Precisely around that time I received a third call from General

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Momcilo Perisic whom I informed that the battle had been practically lost. He advised me to organize the defense on the Strug embankment, which is what I tried to do, but it was already too late. Moreover, even if I had had enough troops, the defense of Strug and the small area behind it would have resulted in extremely high casualty figures in our ranks from the incredible Croat artillery fire. [passage omitted]

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Daily Sums Up Cadre Changes Made by Oleksy

WS0106121595 Warsaw RZECZPOSPOLITA in Polish 1 Jun 95 p 2

[Article by J.B.L.: "Prime Minister Oleksy Made Over 20 Changes in State's Highest Offices; Officials Receive Promotions"]

[FBIS Translated Text] Prime Minister Jozef Oleksy, who has been in office for less than two months, has made over 20 changes in the highest offices of the state, that is, in the so-called government sector. Most of the changes were made in the posts of deputy ministers. Most of the newly appointed under secretaries of state are old civil servants who have worked in the state administration for years. Only the nominations in the Ministries of Industry and Agriculture, as well as in the Office of the Council of Ministers [URM] do not follow this pattern.

In Ministries

The office of the agriculture deputy minister was assumed by Jacek Soska, Sejm deputy of the Polish Peasant Party [PSL], well known for unconventional speeches in the Sejm and as a defender of the interests of small land owners.

The nomination for the post of deputy prosecutor general was given to PSL-linked Jozef Piechota. Piechota holds a doctorate degree in law; before receiving this nomination he was the deputy voivodship prosecutor in Warsaw.

On the motion of Education Minister Ryszard Czarny of the Democratic Left Alliance [SLD], the prime minister recalled Deputy Education Minister Tadeusz Pilch (PSL), which met with objections from many PSL deputies. Minister Czarny also recalled Rzeszow Schools Superintendent Jan Stanisz (who comes from Solidarity—"S") and his deputy Piotr Kruk.

The post of deputy health minister was filled by Irena Dudzin, who was a secretary of the Economic Committee of the Council of Ministers, and before that held the position of director of a department in the Finance Ministry for a few years. The new deputy minister in the Health Ministry (a post vacated by Wieslaw Jakubowiak) is Wojciech Rudnicki, who for many years was the director of the Legal Department.

The newly appointed deputy minister in the Foreign Affairs Ministry is Stefan Meller; before receiving this nomination he was the head of the Europe First Department. Janusz Stanczyk, who previously headed the Legal-Treaty Department, was promoted to the post of director general.

The post of secretary of state in the Industry Ministry was assumed by Jerzy Markowski, who was previously the director of the Budryk mine. He began his professional career in the Szczyglowice and Knurow mines; in the 1980's he was a secretary for coal issues in the Voivodship Committee of the Polish United Workers' Party [PZPR] in Katowice. Another newly appointed deputy minister is Tadeusz Soroka, until recently deputy director of the board of the Mala Panew steel works in Ozimek. The new director general is Andrzej Bialkowski, head of the minister's office in the Bielecki cabinet. He left the ministry when it was headed by Marek Pol.

Adam Apolinary Gwara, (as of this January) deputy chairman of the National Employment Office and a graduate of the State Higher School of Stage and Screen, became a deputy labor minister—a plenipotentiary for the issues of the handicapped. Another newly appointed deputy minister in this ministry is Leszek Kwiatek, head of the State Fund for Rehabilitation of Handicapped People. Previously he worked in the ministry as a deputy director of a department.

Maria Lubera, linked to the Christian-National Union, left the Central Planning Administration. She had been a deputy minister since the ministry was headed by Jerzy Kropiwnicki. She was replaced by Stefan Rojewski, who since 1989 had been the head of the Department of Social Development and who previously (since 1984) had worked in the Planning Committee.

The newly appointed deputy minister in the Communications Ministry is Andrzej Ksiezny; previously he was a deputy director in the State Radio Communication Agency, and before that headed a department in this ministry.

In URM

The nomination that attracted most attention was the appointment of Andrzej Anklewicz to the head of the prime minister's advisory team. Anklewicz is a former employee of the Security Service; he also headed the Department of Propaganda and Information in the political-educational section. When he received the prime minister's offer, he worked in the Border Troops.

Directors General Marek Ungier and Lech Nikolski were nominated as under secretaries of state. Nikolski is a secretary of the Sociopolitical Committee of the Council of Ministers. Ungier started his professional career in the Union of Socialist Polish Youth; he worked in the Committee for Youth and Sports Affairs and in the "Juventur" Travel Office; he set up his own business. He is a member of the Central Executive Committee of the Social Democracy of the Polish Republic.

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SLD Sejm Deputy Jolanta Banach, a teacher by profession, became the government's plenipotentiary for family affairs.

In Voivodships

There have not been many changes in voivodships since the thorough change of cadres made by Waldemar Pawlak. However, one of these changes has triggered many comments. The office of the deputy voivode in Biala Podlaska, vacated by Jerzy Janusz Zalewski, linked to "S," was assumed by Kazimierz Stanislaw Nowak. He was the last first secretary of the Voivodship Committee of PZPR in Biala Podlaska, and a close aide of the incumbent prime minister when he was the first secretary [of PZPR] in this voivodship.

The prime minister recalled Zamosc Voivode Stanislaw Roczkowski of PSL.

The vacant post of the Przemysl voivode was filled by Stanislaw Bajda, animal husbandry specialist by profession and former deputy voivode. He is a member of PSL and has been working in the state administration for 10 years.

The new Jelenia Gora voivode, after Jerzy Nalichowski was recalled, is SLD-linked Janusz Pezda. He was a deputy director of the carpet factory in Kowary, and after it underwent a transformation, he became the director of the board of the company. He was a member of PZPR; right now he is nonpartisan.

The most recent change was the recall of Katowice Voivode Eugeniusz Wrobel on 30 May.

In Suspension

For a couple of weeks now there has been talk about nominating Janusz Wojciechowski for president of the Supreme Chamber of Control. Wojciechowski is a nonpartisan Sejm deputy of PSL and a judge in the Court of Appeal.

Government, NBP Urged To Curb Inflation

WS0206072095 Warsaw GAZETA WYBORCZA in Polish 29 May 95 pp 16-17

[Article by Janusz Jankowiak: "Inflation as a Political Issue"]

[FBIS Translated Excerpt] Economists have a popular saying that ideally defines the problems with inflation. They say inflation is like toothpaste: It is easy to squeeze out of the tube, but it is not so easy to get back in. The vivid metaphor perfectly depicts our situation. Although average annual inflation in Poland is dropping, the process is increasingly slow. Despite this, however, the dangers related to price growth—still dozens of percentage points on an annual scale—seem to be widely neglected.

Politicians lack the determination that is indispensable for quenching inflation effectively. Many probably ask themselves: Why does the proverbial political goodwill turn out to be so vital to suppressing the growth of prices?

Let us then volunteer to help the finance minister, who is foremost a politician, and only then an economist who realizes the threats inflation poses to the economy. [passage omitted]

The government is blaming the central bank for the poor results of anti-inflation policies. The Ministry of Finance incessantly seeks methods of gaining control over the National Bank of Poland [NBP]. It promises everything will be fine providing the inadequate central bank policies, over which nobody has any influence, are changed.

I believe the priorities that have been set are absolutely imprudent and shortsighted. The government should not seek to gain control over the NBP, because that would a huge step backwards. Central bank operations do not fall under the authority of the Council of Ministers. What the government should focus on are methods of imposing more discipline on politicians, who do not seem very concerned with the long-term perspectives of public finances.

Why have priorities been reversed in our country? The answer seems obvious. Having the support of a parliamentary majority, it is quite easy to pass a new law on the NBP, giving politicians more control over the central bank. It is far more difficult to persuade the parliamentary majority, which the current government grew out of, to pass legislation providing for effective anti-inflation measures. As far as the first solution consists of curbing someone else's powers to one's own benefit, the second means the exact opposite—self-limitation of politicians' powers and taking on huge responsibility before the constituency.

Easier and improper solutions thus supplant more difficult, but promising ones. That is why we have recently been hearing a lot about new government provisions being included in the NBP law. Almost nothing is being said about the allegedly ready draft on limiting the public debt. The government clearly prefers to widen the scope of NBP council powers, rather than introduce modern legislative solutions eliminating the economic irresponsibility of politicians.

The government wants to present the Sejm with a draft provision to the NBP law stating that the central bank be headed not by an individual, but by a collective

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body. The NBP basically seems to agree that provisions of fiscal policies should be agreed upon between the bank management and a body the members of which are politically nominated, meaning a monetary policy council. The practice of several European countries knows such solutions. In exchange, however, the central bank expects the parliament will no longer approve the provisions of its annual monetary and credit policies. That is something the Ministry of Finance does not agree to.

Moreover, comments made by the Finance Ministry on the central bank law drafted by the NBP indicate that both institutions perceive the role of the monetary policy council quite differently. The Finance Ministry claims that the council should have the authority to suspend the NBP president and even appeal to the Sejm for his dismissal (currently, only the president of Poland is authorized to do that). The council members could also be dismissed. Moreover, once the new law became effective the term of the current bank management would expire, thus enabling the coalition to replace the NBP president in the very near future.

If these solutions are approved by the government and passed by a parliamentary majority, the coalition would once again effect its "we take all" policy. In the case of the central bank this would be particularly foolish and harmful for the state. The monetary policy council would be a poorer version of the National Radio and Broadcasting Council.

The government should therefore concentrate not on taking control of the central bank, but on developing more efficient methods of cooperation. [passage omitted]

Private, State Economic Forecasts Differ

95EP0112A Warsaw GAZETA BANKOWA in Polish 7 May 95 No 19, p 3

[Article by Halina Binczak: "Things Are and Will Continue To Be Good: CUP's Economic Forecast Sounds Almost Too Good To Be True"]

[FBIS Translated Text] It looks like we shall continue to be the "East European tiger": CUP [Central Planning Office] expects Poland's GDP to grow by 6 percent this year; in this region, only Estonia and Slovenia can count on equally rapid growth.

In CUP's opinion this achievement will be chiefly due to the continuing good market outlook for industry, the improvements in that outlook for construction, the continuing rapid growth of exports, and—assuming that this year there will be no drought in Poland—an increase in farm output. In addition, CUP expects investment to grow at a somewhat faster rate (in real terms) than originally assumed. All these factors should result in increasing employment and reducing the unemployment rate.

The Institute for Research into the Market Economy (IBnGR) assesses the economic prospects somewhat less optimistically, predicting the growth rate of the economy at 4.8 percent. To be sure, its forecast also indicates that the economic revival that has already been underway for three years will continue in 1995 and investment and employment will grow, but it views the chances for a rise in exports more skeptically.

Higher Inflation

Both forecasting institutions are, on the other hand, united in their belief that the inflation rate will be much higher than the mean annual 22.5 percent assumed when planning the state budget: According to CUP, it will be 29 percent, and according to the IBnGR, 30 percent.

The reasons why price increases should be faster than expected are thought by the IBnGR to be, among other things, the likelihood of pressure on wages in the state sector, which indirectly may also affect the wage level in private companies. CUP likewise allows in its estimates for the possibility of an escalation of wage demands, on attributing this to the more robust economy. On this basis, it anticipates that the growth rate of consumer prices will be faster than in the government's assumptions. The Gdansk Institute (IBnGR) views very skeptically postponements of increases in official prices as a means of counteracting inflation, because this retards the process of rationalizing these prices, while CUP, apparently, views this practice as commendable.

Stressing the effect of the rapid growth of foreign-exchange reserves on the money supply (and hence also on the inflation level), the IBnGR finds that, since the principal source of the influx of foreign exchange is cross-border trade, even floating the exchange rate of the zloty would not stop that trend.

Exports or Imports?

Those appraising the economy in 1994 and in the first quarter of 1995 are generally in accord that throughout that period exports have been its prime mover. However, the forecasts still vary. CUP expects exports to increase by as much as 23 percent to $21 billion, while the IBnGR expects them to increase by not more than 9 percent per quarter between April and September. Since both forecasts presuppose a concurrent considerable rise in imports (by 20 percent according to CUP), the differences as to the level of exports affect the estimates of the size of the foreign-trade deficit.

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Although both analyses allow for foreign trade during the January-February 1995 period and for the situation on the world markets, the Gdansk Institute's assessment appears to be more thorough. CUP assumes that the continuation of economic growth among our principal trade partners guarantees demand for Polish goods, especially considering that at the same time exports to China or the countries of the former CEMA are rising, while the IBnGR points out that in the second half of this year Western countries will enter upon a stage of economic revival that is characterized by a relatively lower demand for semifinished products and raw materials and higher demand for highly processed goods. The technology level and structure of Polish industry are such that we will not be able to cope with that latter demand, and for this very reason our exports in the second half of 1995 will grow at a slower rate than in the first half.

To all forecasters it is a challenge to try and anticipate the consequences of the introduction of a floating rate of exchange for the zloty, which is certain to result in an at least a temporary appreciation of the zloty. Both CUP and the IBnGR believe that this may result in reducing the profitability of production for exports, which would, in turn, slow down its growth rate, but neither institution has estimated the effect of the appreciation of the zloty on the scale of exports. No one doubts, on the other hand, that a more valuable zloty would make imports more attractive.

Who Is Investing and How Much?

Recently the Main Statistical Administration (GUS), referring to surveys of the performance of industry, signaled growth of inventories at enterprises and a decline in orders for the domestic market and for exports. Earlier, these trends were also indicated by the Institute for Economic Growth, Main School of Commerce. However, in their forecasts for 1995 as a whole neither CUP nor the IBnGR envisage any marked decline in the economic outlook, at most expecting a temporary slowdown. According to the IBnGR, in the second half of 1995 the level of domestic demand may be influenced by the decline in the purchasing power of the urban population due to the continuing high level of personal income tax rates. This trend already was present last year.

Generally speaking, however, the enterprises will perform better; this is all the more likely considering that the improvements in financial performance recorded this year occurred to a greater extent at large and giant enterprises. This also happened in the last months of 1994. The IBnGR estimates that in the first quarter of 1995 investment increased by 9 percent in real terms, and that growth in the subsequent months will be as rapid. It also expects that last year's trend toward a faster growth rate of purchases of machinery and equipment than the growth rate of spending on construction and modernization will continue.

In 1995 investment will be financed chiefly from the own resources of enterprises. They have more money and moreover, despite the anticipated reduction of interest rates by the central bank and the probable lowering of the cost of credit at commercial banks, the cost of money will continue to discourage the enterprises from borrowing. CUP's opinion in that respect is somewhat different, because it states that in March, for the first time in many months, greater corporate interest in bank credit has been recorded. In real terms, the debt of enterprises to the banks last March was 0.4 percent higher than in December 1994.

Both forecasts pertain only to 1995. As for the growth rate of the economy in the subsequent years, that will be decided chiefly by the scale of investment. That scale should be huge, because the depreciation of fixed assets in industry was (in 1993) 56 percent in the public sector and 34 percent in the private. Yet about 20 percent [of the GDP] is allocated in Poland for investment (as much as in the developed countries), whereas in China, Korea, or Indonesia, it accounts for 33-40 percent.

What We Might Expect

	1994	Forecasts for 1995		
	(GUS)	State Budget Assumptions	CUP	IBnGR
GDP (%)	5.0	5.0	6.0	4.8
Budget deficit (% of GDP)	- 2.8	- 3.3	- 3.2	- 2.9
Investment (%)	7.1	7.0	7.0	7-9

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	1994	Forecasts for 1995		
Inflation* (%)	29.5	17.0	19-22	25
Foreign trade balance (in billions of $)	- 4.3	- 1.01	- 4.6	- 4.9
Unemployment rate (%)	16.0	—	15.4	15.6

* December to December

Economic Successes in Past Five Years Eyed

MM0206103095 Gdansk GLOS WYBRZEZA in Polish 22 May 95 p 4

[Interview with Dr. Jan Szomburg, chairman of the Gdansk Institute of Market Economy Research, by correspondent Jacek Mach; place and date not given]

[FBIS Translated Text] [Mach] A transformation of the Polish socioeconomic system has been in progress for the past five years. Where are we now in this respect, and how do we compare with the rest of the world?

[Szomburg] Out of the more than 200 states in the world today, 25 can be counted in the lead as belonging to the [category of] developed countries. Recent history shows that it is possible to "sprint forward" to catch up with the world's leading countries: Every 10 or 15 years, another country joins the ranks of the developed countries. It was so with Spain; in addition, Thailand and Indonesia have also managed to join the group of Asian "tigers." And the decisive factors here are not just the geographical situation or the natural resources available in the given country, such as oil or sought-after ores.

According to recent socioeconomic analyses, the factor which exerts the strongest influence on any country's socioeconomic development is its institutional order: The set of "rules of play" which determine the actions of both individuals and the state and set the stakes in the development game.

The question arises regarding which kind of institutional order we should establish here in Poland. Basically, there are only the following three options from which to choose:

—liberal market capitalism, which represents the direction in which Poland has been going for the past three years;

—state capitalism;

—corporate capitalism, within which considerable influence is exerted by union organizations.

As we analyze the course along which transformations have been progressing in Poland, we should remember all the factors which constitute the legacy of the previous system. At the beginning of the last decade of this century we were faced with enormous inflation, reaching 700 percent per annum, a shortage-riddled economy and economic disequilibrium. We had to contend with an economic structure which was inadequate to meet consumers' needs and the challenges presented by market competition, dominated by heavy industry and raw materials extraction. We received the legacy of a fragmented and antiquated agriculture employing 30 percent of the Polish population. To draw a comparison, we should note that, while the size of an average farm in Germany is 150 hectares and in Germany's eastern Laender 210 hectares, in Poland the respective figure is 6 hectares. It is no wonder, then, that in the developed countries agriculture employs only 3-6 percent of the work force.

But the heaviest burden which we inherited from the previous system was the old institutional order. This entailed the formal and informal rules of play which got people accustomed to bargaining with the state rather than playing the market and responding to customers' needs. Enterprises stood to derive advantages from being "on good terms" with the state administration rather than from their own ability to understand the principles ruling the market and to adapt their strategies to these principles.

[Mach] What successes can we claim to have scored in Poland over the past five years?

[Szomburg] Certainly the stabilization policy which was the core of the [former Finance Minister] Balcerowicz Plan can be counted as a success, because—despite the initially huge inflation—it stabilized the market. Inflation has since come down, but its level, which is expected to exceed 20 percent this year, is still incommensurate with what exists in today's civilized world. If we aim to catch up with the world's leading states, we should be recording 8-12 percent economic growth per annum. However, with our present inflation rates, we cannot even hope to attain such growth figures, nor can we invest on a rational basis.

Poland has by now undergone notable social and economic liberalization. It experienced a veritable explo-

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sion of the spirit of free enterprise, especially during the initial years of transformation. This enterprise frequently resulted in remarkable accumulation of capital. It was in these circumstances that the process of privatization was launched—a process which, today, is being described as "larcenous." As a result of a variety of internal deals, enterprise assets were transferred into private ownership. Admittedly, this was done through pulling a number of strings and using personal connections, but it cannot be denied that in time this system began to work very effectively. It was the same with the joint partnership companies which took over former state assets within a variety of lease schemes. To this process we must add the privatization scheme initiated "from the top," that is, organized by the [privatization] ministry, as a result of which a considerable number of state enterprises were liquidated. The assets of some 1,400 enterprises passed into the hands of those who were able to make better and more effective use of them. This momentous change in the degree to which existing assets can be effectively utilized continues to be the source of considerable amazement among foreign observers, including the British and the Germans. Apparently the notion of "Polnische Wirtschaft" ["Polish economy": dismissive German colloquialism for wasteful, unstructured, ineffectual management] has by now acquired a diametrically different meaning, suggesting a startlingly efficient and effective economic management.

Nonetheless, we have also suffered a number of setbacks. The biggest and most significant of these, albeit still underestimated by most observers, was the fact that the services sector—comprising the health service, education, science and research, and insurance—has been virtually overlooked in the reform process. Everything now seems to indicate that that is where a most vigorous battle will now be fought over the country's future system. Its consequence will be either a situation in which progressive thought, modern techniques, and "clean" production will dominate and drive our economy, or else a scenario in which we will remain a second- or third-class country selling cheap labor and turning out "dirty" production for others.

We have not carried out reforms in the sphere which decides about the use of the human capital. Development is not measured in terms of financial capital alone: After all, Gierek eventually choked on an abundance of cash. It is much more important to make full use of the potential represented by people with independent initiative and sound, up-to-date education. The present structure of interests in the social services sector stem all chances for potential change. It is here that the strongest inert forces reside which thwart all reforms. Populism and an ingrained tendency to rely routinely on old structures and mechanisms in the loosely interpreted services sector are not at all easy to overcome. The same phenomenon occurs in the heavy industry and mining sectors. Successive governments, including the present one, have been forced to give in when faced with the interests voiced by the lobbies representing these and other sectors. Nor has the reform extended yet in a sufficient degree to the banking or financial system.

An extremely sensitive problem is also created by the need to change the present structure of the agricultural sector. In the developed countries agriculture underwent reform during the age of industrialization. The large-scale exodus of people leaving the rural sector was absorbed by the developing industry. Today, in Poland we need to carry out simultaneous reforms in these two sectors. Furthermore, it must be remembered that in the developed countries the upheavals in the social structure caused by the transformations in the agricultural sectors were eased by the level of per capita incomes and provided opportunities for a dynamic development of the services sector. In Poland there is a serious shortage of capital, and the need to carry out parallel transformations in industry, agriculture, and the services sector places a serious burden on the economy, but we have no alternative solutions. The only circumstance which works in our favor is the fact that today we are dealing with an unprecedented technological breakthrough in the modern world whereby distances between countries are no longer of much consequence. For example, in Ireland there are many people working in information technology for American companies. The distance is not an obstacle when it comes to transmitting the contracted work to the American client.

However, the biggest obstacle we must overcome is the lack of institutional stability and the absence of fixed rules of play. Foreign investors need stability and certainty more than they need improvised concessions. They are mistrustful of all unexpected alterations in the established rules. The state has an obligation to investors: it should be answerable to them for the established rules of play and for the stability and effective implementation of the legislation in force. In the end, the state will decide which system will ultimately prevail in Poland: One relying on mafia structures and influential family connections or one similar to the Anglo-Saxon models, where a stable, clearly defined, and swiftly exercised legislation provides the foundation for all development. But if the state is to be able to attend effectively to the establishment of such a system, it must first be encouraged to become "leaner and fitter": Its role and involvement in the spheres where central bureaucracy is superfluous and which can administer their own af-

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fairs perfectly well should be trimmed to the necessary minimum. This is a task for the political elite which should arrive at a rational consensus, prompted by the awareness that solutions which are selected solely because they are easier to apply today do not guarantee optimum development in the future.

The chance to accelerate Poland's development rests in further decentralization of the state. Following the parish reform, districts should also be given self-government status, followed by voivodships. As recently as a few years ago there were very few people able to predict or even imagine the results of the parish reform. But today the fruits of that reform are truly impressive. Parishes have people at their disposal who, acting within the terms of decentralization and economic autonomy, achieve significantly better results than centralized structures can ever achieve.

The ranks of the Polish political elite need to be replenished with a new generation of people who are young, educated, and brought up with a new economic awareness. They must not be burdened with the legacy of the past. A new generation of politicians operating both within self-government and central structures stands a good chance of initiating transformations, accelerating them, and creating conditions thanks to which Poland will be able to catch up with the world's leading countries.

Leading German Banks in Poland by Year's End

95EP0117A Warsaw GAZETA BANKOWA in Polish 14 May 95 No 20, p 7

[Article by Pawel Jablonski: "They Selected the Smallest Polish Bank: The Expansion of German Banks in Poland Continues"]

[FBIS Translated Text] The German bank Bayerische Hypotheken-und-Wechsel Bank, will become a shareholder in Wielkopolski Agricultural Bank (WBR) in Kalisz. It is to buy shares for the equivalent of 7 million DM. Although this amounts to as much as 78.2 percent of the WBR's total funds, the German bank will get in return only 10 percent of the stock. (After a previous issue is registered, share capital will amount to only 3.67 million [new] zlotys.)

The decision on a new issue is to be taken by a general meeting of WBR stockholders, to be held on 31 May this year. Its agenda also includes revisions of the bank's statute in order to grant certain privileges to the German investor, namely: an assured permanent seat for its representative on the bank's council; payment of dividend to the investor not in proportion to the percentage of stock held but in proportion of the capital contributed; most of the funds contributed by the investor (70 percent) must be held in securities issued by the State Treasury or by the National Bank of Poland; and, lastly, not more than 15 percent of the profits can be deducted for funds without the consent of the German shareholder.

The Last of the Little Ones

The WBR was licensed as a bank in July 1992, among the last banks to have succeeded thus. It commenced operation in the following year. A perplexing fact is that the National Bank of Poland had consented to the opening of a bank with a capital of barely Z2 million, which even then was much less than the required minimum. To be sure, at the same time, the NBP forbade it from accepting deposits from persons who are not its shareholders until its capital rises to Z7 million. To this day, though, the WBR has not succeeded in increasing its capital to that level.

From the outset the WBR focused on financing agriculture. It reached its customers chiefly through the mediation of local inspectors active in most voivodships. Its statute limited the number of votes per shareholder to three percent, regardless of the number of shares held.

The shareholders are mostly farmers and farms, with some local governments as well. The nature of that statute points to close links between the bank and the cooperative banking sector. However, the WBR does not enjoy the favors of the governing Peasant Party and, despite support from the U.S. Embassy, it has received no part of the aid funds provided for rural banks. The WBR's limited operating capital and limited nature of its bank license restrict the possibilities for expansion. Its first year of operation, when the bank invested (1993), ended with a loss of Z430,000. Last year was much better, even though the profits earned were symbolic. The coming general meeting of stockholders is also to vote on another, fourth issue of stock, earmarked for current shareholders, who number about 300. It is difficult to tell how many shares they will buy, since the size of the issue is within the range of Z300,000 to Z700,000.

An Onrush of German Banks

Bayerische-Hypotheken is yet another German bank to enter the Polish market. It is to be expected that, in return for its financial support of the WBR, it will be granted a banking license. To that end the German bank has begun publishing help-wanted notices already last year. The proposed revisions of the WBR's statute include a provision allowing the German bank to subsequently transfer its WBR stock without any problems to the bank which it is going to open in Poland.

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Properly speaking, until last year it had looked like German banks were not interested in entering Poland. The situation was changed only after the agreement with the Club of London became finalized. Previously the only German investments in Polish banks consisted of the 15 or so percent of stock in the Bydgoszcz Construction Bank held by K. H. Volker Barth and 2.4 percent of stock in the Polish Bank for Development held by a German financial institution, Deutsche Investitions und Entwicklungsgesselschaft G.m.b.H. The first German bank to enter our market directly was the Dresdner Bank, which jointly with the French Banque Nationale de Paris, last September was granted a license for a joint bank. At about the same time, the Bank for Export Development (BRE) signed an agreement with the Commerzbank, which in January 1995 took over 21 percent of stock in the BRE. Late last year the Westdeutsche Landesbank acquired 22.6 percent of stock (on paying eight times its nominal price) in Bank Morski [Maritime Bank]. For rescuing that bankrupt bank, it, too, soon received a baningk license.

Everything indicates that Deutsche Bank will soon enter the Polish market on similar principles. Last year it lost its bid for Interbank to the Dutch. Subsequently, the greed of the shareholders in the Lower Silesian Business Bank made it impossible to acquire that bankrupt bank. Now Deutsche Bank is preparing itself for its third try. Everything indicates that by year end all the principal German banks will be present on the Polish market.

German Banks on the Polish Market (in millions of $)

Bank	Ranking in December 93		Capital	Balance-Sheet Sum
	In Germany	Worldwide		
Deutsche Bank	1	14	11.7	322.4
Dresdner Bank	2	37	7.1	220.6
West LB*	3	39	6.7	192.7
Commerzbank	4	60	4.6	164.9
Hypothekenbank**	5	66	4.2	153.6

* LB = Landesbank, ** Bayerische Hypotheken-und-Wechsel Bank. According to THE BANKER.

Problems With Agriculture Modernization Viewed

95EP0109A Warsaw WARSAW VOICE in English 30 Apr 95 p 12

[Article by Dariusz Styczek: "Farms Face Gathering Storm"]

[FBIS Transcribed Text] Western opinions about Polish agriculture have been rather unfavorable for years. This is largely due to media portrayals dominated by pictures of horse-drawn wagons on bumpy dirt roads, perhaps with a boy tending a herd of thin cows in the background. While such sights can still be seen in the Polish countryside, for the most part this image is at least 20 years out of date.

The Polish countryside varies widely. There are still regions in the country where the horse really is the only source of power for cultivation, and wooden cottages call forth associations with an open-air museum. Such villages are centered around subsistence agriculture. But there are also farms with two or three tractors, a full range of modern machinery and several hundred hectares of land—for example, the farm run by Agriculture Minister Roman Jagielinski.

It is true that, of the 2 million farms in Poland, more than half are smaller than five hectares and only 6 percent are larger than 15 hectares. However, Polish agriculture is in better condition than agriculture sectors in other postcommunist countries, because reprivatization is not a problem here. Under communism, state farms occupied only a fifth of the total farmland, while the rest of the land was in private hands.

The nature of individual farms, many of which simply are not commercially competitive, is one of the main hindrances to the progress of Polish agriculture. Currently, only 250,000 farms are truly commercial. The Institute of Agricultural Economics and Food Management believes that 1 million farms are on the verge of profitability. They do not invest and are only interested in maintaining what they have. The remainder are small, unprofitable farms with archaic methods of management

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and equipment, doomed either to eternal existence in the doldrums or eventual bankruptcy.

In terms of the application of free market principles to agriculture, Poland is in line with the rest of Europe. Furthermore, the quality of farm produce here is as good as that of foreign produce, which is confirmed by the fact that the European Union (EU) put up barriers to protect its own producers. Poland also takes seriously the need to change the agrarian structure and the method of financing agriculture. However, the lack of funds for restructuring agriculture delays concrete action.

In 1990, the government took the first steps to modernize Poland's rural areas. Through complete liberalization of land transactions and privatization of state-run farms, authorities want to create a farm structure that enables Polish farms to compete internationally. Limitations on maximum farm area as well as restrictions on the purchase and leasing of land have been removed. The duration of leasing contracts has been extended to 30 years, and retired farmers are now allowed to lease their land.

The greatest problems are posed by privatization of state farms in the west and north of the country. Despite favorable terms of payment, private farmers have only bought 2 percent of privatized land. About 30 percent of all land intended for privatization has been leased, chiefly to companies set up by employees of former state farms. Nearly two-thirds of land is still administered by the state. Last year, 1.5 million hectares of land lay fallow.

Despite the policy of industrialization pursued by communist governments, 25 percent of the national labor force still works in rural areas. These people provide only 7 percent of GDP, meaning productivity in agriculture is very low.

Polish villages also suffer from overpopulation. Recently, they have received an influx of unemployed people who have returned to the countryside after being laid off by liquidated state enterprises in urban areas. Villagers are usually poorly educated, and productivity is additionally hurt by the lack of specialized services and inefficient use of what machines are available.

Before reforms began in 1989, the main goal of state agricultural policy was to maximize production to ensure self-sufficiency, adequate food reserves and increased exports. This goal was furthered through regulated prices for farm produce and food. Food subsidies consumed half the state's expenditure on agricultural policy. Agricultural exports and imports were monopolized by the state.

When prices in the agricultural sector were completely deregulated in 1989, most small farms experienced a severe shock. Large farms, processors, farm produce traders and importers, on the other hand, have benefited from liberalization. Small farms, state farms and rural cooperatives have lost out.

Liberalization completely changed Polish agriculture's economic reality. Agricultural production began decreasing, adjusting itself to lower demand (reduced by as much as 40 percent). In 1992, agricultural production was 16 percent lower than in 1986. Until the late 1980's, per capita income from farming on small farms was higher than income outside agriculture. In 1991-93, on the other hand, incomes from farming were 20 percent lower.

After full liberalization in foreign trade of produce, the agricultural lobby managed to hammer out the introduction of import duties and then variable price-equalizing levies, helping farmers to weather the adjustment period until a full opening to Western competition.

In 1994, farms' debts to banks totaled $1.1 billion, according to data in a report on Polish agriculture by the Organization for Economic Cooperation and Development (OECD). These debts were high despite state subsidies reaching $160 million a year for reduced-interest loans. Short-term loans for the purchase of seeds, fertilizers and pesticides carried an annualized interest rate of only 24.5 percent last year, even though the average market rate was 40 percent. Still, most small and unsophisticated farms did not take out loans to buy fertilizers and pesticides. Fertilizer use in Poland is twice as low as in OECD countries, and pesticide use is seven times as low.

Last year, the state spent $2.5 billion (3.5 percent of GDP) on agriculture-related matters. This expenditure was the highest in several years—chiefly due to pressure from the agricultural lobby in parliament and the influence of the Polish Peasants' Party (PSL), one of the partners in the governing coalition.

Last year's budget channeled nearly $1 billion to Bank Gospodarki Zywnosciowej (BGZ), practically the only bank involved in agricultural financing. The money will help BGZ reduce the debts of 1,200 small local cooperative banks affiliated with BGZ. In the next several years, BGZ will be restructured to begin operating along purely commercial lines—until now, it operated as a cooperative bank.

According to World Bank experts who are helping to revitalize BGZ, no alternative exists. The bank is still inefficient, and no other bank wants to provide loans to

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agriculture. Furthermore, BGZ is the only bank with an extensive network of local cooperative banks.

Since 1977, private farmers who have more than one hectare of land have been eligible for old-age pensions. At first, farmers were enchanted with the system, but as time went by, farmers' pensions declined in real terms. At the moment, they are 40 percent lower than the average wage earner's pension. Often, old-age and disability pensions are the main source of income for a farm run by the retirees' children.

Only 90 percent of the amount budgeted for old-age and disability pensions for farmers has been funded. The government has long admitted the system makes little sense [but] has not had the courage to change this.

Farmers are exempt from income tax, a hidden form of state support. Instead, they pay a tiny land tax, about zl.100 (old zl.1 million) per hectare per year. The method of setting the tax is archaic: it depends on the market price of 100 kg of rye.

Farmers are unlikely to give up the privileges that they and their families enjoy from the state budget. Farmer pensions, free medical assistance, cheap loans and tax breaks are high on the agendas of rural parties during all elections, including the upcoming presidential election. Thus, in addition to its role in the Polish economy, agriculture has an important impact on the political scene as well.

Strength of Computer Market Described

95EP0099C Poznan WPROST (supplement) in Polish 16 Apr 95 No 16, pp 3-4, 6

[Article by Tomasz Kulisiewicz: "A Billion-Dollar Market. Poles Are Beginning to Love Computers as Much as They Love Cars; They Buy 250,000 of Each a Year"]

[FBIS Translated Text] In 1994, the international analytical consortium EITO estimated the sales of the computer industry in Poland to be $734 million. However, this is a quite conservative estimate. Some mention as much as $1.5 billion. To be sure, if the number of residents is taken into account Czechs and Hungarians have so far purchased more computers than Poles. However, given the potential of the state and its rate of economic development, the information technology companies of the world believe our country to be the market which provides the greatest opportunities for the growth of sales in the next few years.

Following a promising beginning, the "Polish information technology" (the term was proposed in 1968 by R. Marczynski) fell on hard times very quickly. In the mid-1970's, we were assigned, under the "international division of labor" within the Council for Mutual Economic Assistance, to produce RIAD computers pirated of the IBM/360 system and the SM minicomputers "similar" to the PDP machines of the Digital Equipment company. The development of the Odra 1305 and Odra 1325 computers, certainly an accomplishment of the Polish information technology, was curtailed whereas "state-sponsored piracy" has cast a shadow over our relations with large producers for many years.

State enterprises which were preoccupied with their problems and the RIAD failed to take note of the "PC revolution" in the early 1980's. Meanwhile, as early as the middle of the last decade, the first private computer companies in Poland came along which engaged in selling such equipment and tried to assemble it from parts. They were started by young people, mostly fellow students, who obtained supplies by way of "backpack imports." At the same time, the first joint ventures designated by the official euphemism "Polonia-foreign enterprises" appeared in the computer industry.

A breakthrough came in 1989—the Balcerowicz Plan brought about the unprecedented development of the Polish computer market.

From the very beginning, this was an almost entirely private market which completely escaped the attention of the GUS [Central Office of Statistics] (which stopped collecting data on computers in Poland four years ago anyway).

At present, Optimus from Nowy Sacz is the largest Polish company assembling personal computers. In 1994, Optimus was the market leader in both the volume of sales (over 2 trillion old zlotys) and the number of assembled computers (over 110,000). JTT Computer of Wroclaw (about 40,000 computers) ranks second. Inwar of Sieradz assembled more than 10,000 computers in 1994, and the Warsaw company Baza—over 5,000. The total market share of Polish companies assembling personal computers reaches 70 percent. Several Polish companies export large quantities to adjacent countries, and Optimus, JTT, and Inwar have already succeeded in establishing their own trademarks. Optimus is mentioned in the studies of the British analytical company PC Europe as the 10th largest "assembler" in Europe in terms of its production volume. In addition to the assembly of personal computers and small servers, screen monitors and terminals are produced in our country (among others, Digilab of Warsaw does this). Lately, the assembly of tax-recording cash registers has developed (among others, Optimus and JTT do such work, as well as Elzab from Zabrze, one of the few state companies in this industry).

International producers, especially those of software, could not forgive us for a long time for lacking copy-

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right protection for the programs, justifying in this manner their cautious progress in the countries of Central Europe. At present, almost all major hardware and software producers in the world have their own branches or commercial offices in the region, along with a few large companies specializing in the wholesale distribution of computers and software and so-called system integration. Giants such as IBM (present in Poland since 1923), Compaq, ICL, Hewlett-Packard, Digital Equipment, Unisys, Siemens-Nixdorf, and Olivetti operate on the Polish market. In cooperation with their Polish commercial partners they deliver computers, software, and services mainly to large customers: state administration (which has recently been buying information technology products worth $300-400 million a year) and banks.

The enactment of a new copyright law (in 1994) persuaded software producers such as Microsoft, Lotus, Novell, and Wordperfect to open their branches. Recently, Autodesk, a well-known producer of programs for design assistance (CAD), opened an office in Poland. Oracle and Informix, the largest database producers, are also present. The fact that at present, the Sejm chancery stores stenographic records of Sejm proceedings in a system once designed to meet the needs of the CIA and the Pentagon testifies to just how far we have gotten away from the restrictions of the infamous COCOM [Coordinating Committee on West-East Trade] (which got in the way of mainly American companies engaging in trade with us).

A branch of the German company Computer 2000, which has operated throughout Europe and lately outside of it, too, is the largest distributor of computers and software in Poland. Computer 2000 started out in Poland two years ago by purchasing and reorganizing the Trading House of Information Technology. At present, the annual sales of Computer 2000 Poland exceed $38 million (1994). Other large distributor companies are the Warsaw MSP ($15 million in annual sales; last year, merged with the Czech company TH'System) and ABC Data (about $20 million). These companies mostly engage in wholesale trade in finished products. Distribution of more advanced software, for example, instruments for data base creation, or design software, entails consulting and design services, implementation, training, or the development of application systems to order. Prokom, CSBI, and Softbank are the examples of Polish "software houses," strong companies with sizable coffers, companies which use modern facilities to develop software and are capable of handling large information technology projects.

The share of Polish companies in the domestic software market comes to about 50 percent. Educational software for schools and individual consumers is becoming our specialty. It was difficult to hold off the world giants in other areas although, for example, the Warsaw Malkom managed to beat back the "invasion" of Polonized word processors manufactured by large producers, mainly due to the sales of its QR-Tekst processor to the agencies of state administration. InfoService of Gdansk, the producer of TAG word processor which was very popular a few years back, has lost its strong position. The company from the coast is promising to fight for clients who can afford to pay, at the most, 100 zlotys per word processor rather than the equivalent of $300-400 (this is how much Western word processors cost).

Out of 5,000 to 6,000 computer companies operating in our country, 75-80 percent are small enterprises with one or at most a few employees.

Some of them are actually computer stores, while others develop software or compile single copies to customer order. About 1,500 companies actively operate on the market, of which only a few dozen are large enterprises.

A good concept may be effectively used even by a very small group. The SuperMemo World company from Poznan is a case in point; the company produces its own system in which a computer is used to individually master various areas of knowledge by an original method. The company has managed to find a way into even the American market for its product; the latest version of SuperMemo is sold on a CD-ROM disk. Other Polish companies operating in specialty areas are not giants, either, for example, Young Digital Poland from Sopot producing audiovisual systems for language instruction, Inter-Design of Warsaw which develops software for managing technical documentation and processing drawings, as well as Ascomp from Krakow whose fiber optic splicing technology enjoyed a lot of interest at the CeBIT '95 fair in Hanover. Altix from Warsaw and Harpo from Poznan specialize in designs which make it easier for the blind to cope. The Kubus speech synthesizer produced by Harpo on the basis of its original speech synthesis method developed by a team from the PAN [Polish Academy of Sciences] Institute of Basic Technology Problems in Poznan received the Product of the Year 1994 award, a prestigious award in the Polish computer industry which is granted by the PCKURIER magazine. Macrosoft has developed an original technology for designing programs for companies. The chief of Macrosoft, Bogdan Michalak, is also chairman of the PRO association which unites Polish software producers and fights piracy.

Several companies which used to just assemble computers have expanded their operations to offer the delivery of complete computer networks. Inwar has spun off a separate enterprise which specializes in the deliv-

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ery of computer networks, including assembly of power supply, and so-called structural cabling of buildings. Apexim has moved in the direction of integrating services related to computer and telecommunications networks. Smaller companies have set up consortiums. The Yes Service company of Gdansk, a member of the Datacom Consortium, was the first to obtain the ISO 9002 quality certificate for the computers it assembles.

So-called wide-area networks are becoming an important element of the landscape of "computerized Poland."

The largest of the wide-area networks, NASK, already connects more than 10,000 computers, mainly at colleges and research facilities.

At several nodes of this network (in Warsaw, Poznan, and Krakow) scientists even have Cray and Convex supercomputers at their disposal. Nationwide networks and city networks which are being created at a fast pace provide remote access to such superequipment and to the worldwide Internet network. Banks, railways, central administration, and the power industry also have their own systems; the Elixir electronic system for interbank settlements amounts to the first step toward making "electronic money" common in Poland. The chiefs of Polish computer companies who were polled by the Lupus publishing house in 1994 mentioned the underdevelopment of communications, the sluggishness of customs offices, and unstable regulations as the basic barriers for the development of information technology. Polish companies are also greatly hampered by a cash shortage and difficulties in recovering customs duties and VAT taxes on exports. To date, only two computer companies have resolved to look for funds on the Warsaw exchange. Roman Kluska, the owner of Optimus, was the first brave soul. He managed to obtain 450 billion old zlotys at almost the last moment, before the bull market collapsed. ComputerLand is the other company which is actually preparing to go public; after the bankruptcy of InterAms, ComputerLand rescued the contract for the delivery of IBM computers to schools. To Tomasz Silnicki, the chief of ComputerLand, enhancing the company's credibility in the eyes of its strategic partners is even more important than procuring funds on the exchange.

The still limited financial opportunities of potential clients are also a substantial obstacle. The sector funded from the budget does little purchasing; the computerization of the army and the police is still poor. However, the introduction of information technology is unavoidable in many areas. Polish insurance companies, the ZUS [Social Security Agency], and many public utilities are facing the need to rejuvenate their pool of computers comprehensively. Polish industry will also become a large customer for information technology very soon. However, enterprises such as Stomil are exceptional at present (Stomil has one of the most up-to-date systems for computer-aided tire design in the world). All of the above does not change the fact that Poles are beginning to love computers as much as they love cars; they buy 250,000 of each a year.

The issue of legal regulation of equipment purchases with taxpayers' funds has become very essential for the computer industry.

The bankruptcy of the InterAms company or the issue of orders for computers for bureaus of commercial counsellors abroad prove this. This is why information technology companies welcomed with satisfaction the law on public sector procurement which took effect on 1 January 1995. The copyright law which also applies to computer software has already produced tangible results. Calculations by Western organizations according to which more than 94 percent of programs in Poland are being used illegally are certainly quite exaggerated.

Personal data protection remains an area which calls for swift legislative action. Given the tremendous technical potential for accumulating and using information about citizens, it is crucial to determine who has the right to know things about us and what things. To date, this area has not been regulated by law; even the use of the PESEL registration number rests on a quite feeble legal foundation.

Luckily, the turmoil with duty-free quotas or problems with the implementation of the law on safety certificates will not hamper the development of the Polish computer market. At the very least, Krzysztof Musial, the head of ABC Data, and Wieslaw Osowiecki, the head of Softronik, believe so; after many years of operation in Germany they have moved their companies to Poland. An increasing number of companies try to offer their wares outside of Poland. This year, the largest ever Polish exhibit sponsored by the Polish Chamber of Information and Telecommunications Technology (PIIiT) was presented at CeBIT '95. Representatives of 18 Polish telecommunications and information companies and four colleges came to Hanover. The PIIiT also had its booth. Two companies appeared alongside their Western partners. Our computer market is also becoming important for the "big boys" of this world: The Warsaw presentation of three new Hewlett-Packard printers preceded their official unveiling at the CeBIT fair by two days.

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Sales of the Largest Computer Companies on the Polish Market (in millions of dollars)

	1992	1993	1994
Optimus SA (without firms owned by the holding company)	41.7	59.7	87.9
JTT Computer (holding company)	47.5	72.0	82.0
HP Poland	25.6	45.3	59.9
IBM Poland*	37.0	51.0	55.0
ICL Poland	26.0	29.3	No data available
Hector*	17.0	30.0	No data available
Computer 2000 Poland	6.8	14.4	38.0
ComputerLand*	9.5	18.5	29.9
Techmex	13.2	15.1	21.1
ABC Data	16.5	21.0	20.2
Prokom	11.1	17.7	17.6
MSP/TH'System	3.9	8.3	16.3
Dell Poland*	2.5	12.0	15.0
Inwar	5.0	8.4	14.3
California Computer Corporation	No data available	10.6	14.3
Soft-tronik	No data available	6.6	14.1
Digital Equipment Poland	5.2	11.0	No data available
ZETO Poznan	1.5	2.5	11.2
COIG	11.2	11.3	9.8
Koma	2.7	5.2	8.8

* estimated data

Sources: PIIiT, Lupus, PC Market in Poland in 1994, a bulletin by R. Kaminski, W. Migut, and S. Piotrowski.

Increase in Terrorism Cases Examined

95EP0115A Warsaw GAZETA POLSKA in Polish 4 May 95 No 18, p 4

[Article by Tomasz Sakiewicz: "The Bombings Increase"]

[FBIS Translated Text]

- In March 1995, barely 20 minutes separated the employees of an Okecie tourist agency from death. The bomb planted was noticed accidentally.
- It is very likely that the explosion in the Gdansk highrise was also a terrorist act. The man who was to turn on the gas valves must have reckoned on the death of all the tenants.
- Poland has ceased to be a safe country. The several dozen attempted and actual bomb blasts during 1995 alone so far are increasingly bringing us closer to countries menaced by mass terrorism.

The Bombing of Kodak

A specific feature of terrorism in Poland is the planting of bombs in stores, service shops, and restaurants. One of the first assaults of this kind was the series of bomb blasts in the premises of Kodak company in Warsaw. In June 1990 Kodak service shops on Marszalkowska and Mokotowska streets were blown up. A Kodak

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manager admitted that these were not the first attacks on Kodak in Poland. Competitors were suspected of causing the blasts. To this day the actual perpetrator remains unknown.

In October 1990 at the Warsaw Bemow bomb blasts damaged a radio and television store. The police did not link the attacks on Kodak to the explosion in Bemow.

During the same time two other bomb blasts took place in Sopot. A car bomb exploded, injuring the car's owner. Several days later a bomb destroyed a vacation cottage of a Sopot resident.

One of the first victims of the nascent terrorism in Poland was Krzysztof J. of Torun. He died in December 1990 while planting a bomb under a police radio van. The explosion was so powerful that pieces of his body could be identified only after an exhaustive investigation. The motive for planting the bomb was supposedly a vendetta against the police.

In July 1992 a homemade bomb exploded at the Skoda car showroom in Warsaw. The damages reached a billion zlotys. This time, too, the perpetrator remained unidentified. On the other hand, the perpetrators of another bombing, an attempted one, were identified. In October 1992 there inhabitants of Kielce and Skarzysko Kamienna decided to blow up the departures building at the Okecie Airport in Warsaw. The explosive charge was so big that it would have caused a roof collapse and many deaths. The clock was set for 29 October at 1300 hours. Several minutes before that deadline the bomb was found by airport attendants. The explosives expert did not have the time to disarm it, and the fuse became activated while he still held the bomb in his hands. Very fortunately, the battery in the bomb mechanism proved so weak that there was no explosion. The bombers wanted to terrorize the airport management and blackmail it into paying a ransom of $5 million. When they got no response, they sought revenge.

1993: The Bombers Get Busy

Until 1993 bombings were quite sporadic. They became a veritable plague only in 1993. In May 1993 a series of bomb blasts took place throughout Poland. (One person died.) On 20 May a bomb exploded under the car of a soccer referee in Gliwice. Soccer fans were suspected of planting the bomb. On the same day, at Pyskowice, near Gliwice, a bomb explosion killed a retired teacher, Kazimiera G. The bomb was delivered in a parcel. The explosion blasted the woman apart. The motives for the explosion were totally unclear. Kazimiera G. was regarded as a woman without enemies.

On 26 May 1993 grenades were thrown at the site of the Warsaw Medical Chamber. The first grenade exploded outside the building and probably lightly wounded the assailant. The second exploded inside. It is not known whether the grenade was destined for the District Medical Chamber or for the National Medical Chamber on the upper floor. Possible motives considered could be an assault by a foreign national whom refusal of a Polish work permit made desperate, or retaliation by leftist groups for advocacy of the Code of the Physician's Ethics by the medical chambers. On the same day in Brwinow, near Warsaw, a bomb blast destroyed part of a private property.

The entire country was inundated with a wave of bomb hoaxes. By year end the police recorded about 2,000 such hoaxes compared with only a few dozen recorded four years ago. In 1993, 22 bombs and grenades were planted (nearly twice as many as a year previously).

1994: Racketeers and Mafias

In March 1994 a bomb exploded on the estate of a Lodz businessman, destroying a garage and part of the house. The police suspected the perpetrators to be the same people who had almost half a year previously kidnapped the businessman's daughter-in-law for ransom. They wanted revenge because the family of the kidnapped woman had notified the police.

In 1994 there appeared alarming notices in the press about increasingly frequent attempts at extortion by criminal gangs. The wave of extortion was accompanied by the return and upsurge of a wave of attacks on stores, restaurants, currency exchange offices, and service shops. Bombs exploded on the premises of owners who refused to pay protection money. The gangsters also settled accounts among themselves by means of bombs.

In February 1994 a bomb exploded in a car parked in Lublin, killing Ludomir P. of Warsaw, 42 years old, and Roman R. of Lublin, 24 years old. Ludomir P. was known as a leader of the criminal underworld.

On 30 March 1994 the Multi-Pub in Warsaw was blown up. A passersby was injured. The explosion totally destroyed the pub. Nearly six weeks later, the restaurant Escada was bombed. According to ZYCIE WARSZAWY, it was to be the site of a meeting of members of the Pruszkow mafia. The Wolomin mafia, which has links to Russian criminals, is blamed for both explosions.

In July 1994 a car bomb exploded in the car of Pershing (a pseudonym), a leader of the Pruszkow mafia, lightly injuring the car's owner.

In November, Cafe u Tescia, a small coffeehouse, was blown up. Its owner claims that in the past he had not

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had any enemies and does not know who could have planted the bomb.

In December a powerful bomb explosion destroyed the currency exchange office in the Warsaw Cepelia building. The bombers did not even touch the currency at that office.

In 1994 a series of attacks on stores in downtown Poznan was carried out: grenades were thrown, thus trying to intimidate the owners and force them to pay protection money. In the same year the wave of terrorism rolled into Gdansk, where bombs exploded in escort-service offices and in stores. In 1994 the police received 1,881 reports of bomb plantings, of which 87 turned out to be true. In that year explosions killed eight persons and wounded five.

Gumis and Others

In 1994 Sylwester Augustynek, who calls himself Gumis, became the best known terrorist. Augustynek planted small bombs in various public areas in Krakow and demanded ransom. Ultimately, Gumis was captured, but a bomb terror spread throughout Poland owing to his activities. A terrorist in Zawiercie and another in Gdansk emulated Gumis. The Gdansk terrorist was captured.

With the year 1995 gang wars became more acute. On 13 March, in Marki, near Warsaw, a bomb explosion killed two men linked to the criminal underworld. So far this year already four persons died owing to settlements of accounts between mafias.

The Ministry of Internal Affairs, which until then denied the existence of terrorism in Poland—as recently as last November the chief of the Antiterrorist Squad at the Warsaw Police Headquarters told ZYCIE WARSZAWY that there were no terrorist attacks in Poland but mere terrorist acts—has decided to establish a special staff for combatting terrorism. Police reports indicate that the bombers are increasingly better prepared and armed. They bomb for pay. For the time being they are chiefly paid by the mafia. Wherever bombs explode, reporters appear at once and the entire public learns about the explosions. Police statistics indicate, however, that the police increasingly often succeed in disarming bombs without publicity, as happened for example with the bomb planted last March at Warsaw's Okecie Airport.

People's Bombs

In the early 1990's the Office for State Protection liquidated the People's Liberation Front, an extreme leftist organization which planted bombs in Gdansk, Grudziadz, and Warsaw. Within three months the PLF carried out several spectacular terrorist attacks. It hurled Molotov cocktails at the military recruitments headquarters in Grudziadz, exploded a tear-gas grenade in the Gdansk Polish state railroads building (as a protest against rail price increases), exploded a bomb in the editorial offices of GLOS WYBRZEZA (for reporting false information on the activities of the PLF), and planted a tear-gas grenade in the Lot Polish Airlines building (as a protest against Lot's transportation of Jews to Israel who settle on territory belonging to Palestinians). The PLF tried to blast a segment of a Lithuanian railroad track line ("with the object of overthrowing that country's statehood"). On being detained by the Office for State Protection, the PLF leader claimed that his organization consisted of 15 or so people and derived from anarchist milieus.

Jaruzelski on Polish-Russian Relations

MS0106124895 London THE EUROPEAN in English 2-8 Jun 95 p 7

[Report on interview with former Polish leader General Wojciech Jaruzelski by Roman Rollnick; place and date not given]

[FBIS Transcribed Text] From a tiny office furnished with a sofa a spartan desk looking out on a busy avenue lined by drab grey apartment blocks near Warsaw railway station, Poland's last communist leader, General Wojciech Jaruzelski, agonises over the past.

He finds retirement "uncomfortable", and although he has long since swapped his uniform for a civilian suit, he still wears the glasses that made him so fearsome at the height of the Cold War.

He apologises for the lack of eye contact, blaming the snow blindness he suffered while in a Soviet labour camp before the Second World War, and more recently, on the assassination attempt last December by a farmer who slammed a brick into his face so hard that his skull and cheekbones cracked, and the left eye popped of its socket.

Speaking in a rare interview, which he described as the longest he had ever given to a Western newspaper, the ageing general, who turns 71 this year, said he had no intention of pressing charges against his assailant. It happened two weeks before Christmas while he was bending to kiss the hand of the man's daughter during a book-signing ceremony to mark the publication of his memoirs.

"I viewed it as an extension of blind hatred, something I consider a moral illness. It was a unique incident," he said. Even if opinion polls give him, he claims, a higher rating than President Lech Walesa, the Solidarity union leader Jaruzelski once jailed for 11 months: "Someone in my position cannot expect to go through life without

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enemies. But you should see all the letters of support I get."

For three hours, he spoke lucidly and articulately on a range of issues, from Polish membership of NATO to German unification. For the first time, he disclosed to THE EUROPEAN that the seeds of the downfall of Soviet power and the communist regimes in Eastern Europe were sown at a secret meeting he held with Mikhail Gorbachev in 1985.

For more than five hours during the afternoon and evening of 27 April that year, the two men plotted quietly in Warsaw to change the course of history.

Poland had just played host to a meeting of Warsaw Pact heads of state. "The other leaders had just left Poland and were flying home. I asked Gorbachev if he would not mind staying to discuss a few issues," said Jaruzelski.

"He told me he would be able to stay perhaps an hour. I asked the interpreter and our aides to leave us alone, so that we could discuss things freely in Russian. At the time he wanted to make socialism more effective, and more popular, to give it a human face. Poland, I ventured, was much further than any other country on the road to reform. I saw that he was realistic. That first hour passed, and I began to realise that he would not try to stop the historical process, and today I believe he should be recognised for that," Jaruzelski said.

"Of course, at the time, although everybody knew we had met for far longer than scheduled, we kept the detail of that meeting secret. We discussed every way of bringing about reform. Poland was to become the laboratory of perestroyka, and we did not want the other eastern bloc leaders to know. With the exception of the Hungarians, whom we informed much later, the others like Erich Honecker and Nicolae Ceauseseu, the hardliners, were simply kept in the dark. From that meeting we moved forward. It was pivotal, and everything that followed went ahead in careful consultation and consideration."

As much as he admires Gorbachev, Jaruzelski, like most Poles, still fears the giant neighbour to the east. In particular, he fears the "anti-Western, antidemocratic" rhetoric of the communist old guard and the right-wing nationalist extremists. And because Poland was devastated by both during the war, like other Poles he also is wary of Germany, its unification and its ambitions. But he is, for now, confident of German democracy.

From that day, only a month after Gorbachev came to power, "our relation[illegible] blossomed beyond anything that seemed imaginable". The Soviet leader immediately pledged a full review of the two "blank spots". The two men agreed to adopt a "motto" of flexibility, in politics, economic changes towards a market economy and "crucial" arms control issues.

The personal friendship with Gorbachev that was to grow from that day onwards, and still endures, was something that was inconceivable with his Soviet predecessors. Just four years earlier, in September 1981, contact with Moscow had broken down to a point where the Kremlin was planning an invasion of Poland.

All the precursors of the Hungarian invasion of 1956 and Czechoslovakia in 1968 were in place. Worse still many of the pact's contingency plans and documents on Polish government strategy had been passed on to the CIA by one of Jaruzelski's personal staff officers, Colonel Ryszard Kuklinski [as published]. Fearful of capture and execution, Kuklinski had recently been "exfiltrated" by the Americans.

The information he provided had made Kuklinski the most important military spy of the Cold War period.

The Solidarity protest in Poland was growing. Strikers had interrupted Polish coal supplies to its eastern bloc neighbours and Soviet ships were idle, waiting for deliveries at Walesa's Lenin Shipyard in Gdansk on the Baltic coast.

"Poland was the heretic in our bloc," said Jaruzelski. "You can imagine how frightened I was," he said of his decision to declare martial law and opt "to have Polish rather than Soviet tanks on the streets of Warsaw."

The conviction that he thus saved Poland—passionately disputed by many, like the man who assaulted him is something he has only hinted at in previous conversations with journalists.

Born into what he calls an upper-middle-class family in 1924, there is no sense of irony in his voice when he tells how both his grandfathers were sentenced to death by the Russians in earlier conflicts, though both were reprieved.

"Still, I have a high regard for Russia and I like Russians," he said. "So you can imagine how heavily the burden weighed when I brought in martial law."

He trembled again this week when he recalled it. "A catastrophe was unfolding, and this choice was the lesser evil. It was painful. Many were hurt and killed. But eventually we were able to fix the tracks and get to the round table talks with Solidarity in 1989," he said. That year Poland became the first country to divorce from the Soviet Union.

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Today, in characteristic stark contrast to Walesa, he urges caution on Polish membership of NATO. As a Pole who remembers how the West let his country down during the Second World War, he would like the security of NATO membership. A "military professional", he saw no immediate danger, given Russia's internal problems and its inability to crush the Chechen rebellion.

"But as a politician who knows Russia from my studying and my life experience, we must remember that a security complex is very deeply rooted in the Russian psyche. They have always felt threatened from every side," he added, citing the history of Polish, French and German invasion. This, he says, is why NATO membership for Eastern Europe should be handled carefully. Poland, he said, should settle for political affiliation with NATO, like France.

In his outgoing speech as the communist strongman in November 1990, Jaruzelski told his nation: "I apologise." Those were the only words he could find after his legacy of martial law. Now, with the wisdom he says he has always held, he quotes a Russian proverb which says: "If you ride slowly, you get much further..."

History will judge whether he rode too slowly, and whether those dark glasses hide still more secrets.

General Views Problems in Air Forces, Defense

95EP0106A Poznan PRZEGLAD WOJSK LOTNICZYCH I WOJSK OBRONY POWIETRZNEJ KRAJU in Polish Apr 95 No 4, pp 3-10

[Interview with Major General Andrzej Duleba, chief of the Air Forces and Air Defense Forces, by Lieutenant Colonel Jozef Gomolka; place and date not given: "Difficult Decisions Await Us"]

[FBIS Translated Text] [Gomolka] Two years have passed since we discussed on the pages of the PRZEGLAD issues that matter to the air force. At the time there were many problems and, General, your optimistic comments made the air force community feel hopeful, sir. What has been accomplished since then, and what has the Chief of the Air Force failed to "leap across" and why?

[Duleba] My optimism derived from the conviction that the economic difficulties faced by the Polish military, and hence also by the air force are not so great as to imperil the process of flight training. It also ensued from the conviction that human professionalism, enthusiasm, and commitment will serve to overcome the problems of the transition period.

I believe that my optimism was justified. Because, although the economic possibilities of the Air and Air Defense Forces have not improved, we succeeded in securing aviation fuel in the quantities needed to assure basic training at the Air Force Higher Officers School and the advanced Class-1 training of pilots. We even succeeded in slightly increasing the number of flight hours per pilot. This had, of course, its price; it took place at the expense of reducing the acquisition of other items.

We must, however, realize that the difficulties are growing and difficult decisions await us.

The number of fighter and reconnaissance planes is diminishing, as per operating plans. It is not feasible to replace them with up-to-date aircraft. It is very difficult to maintain the operating efficiency of the remaining planes, owing to the lack of spare parts and the limited possibilities for repair work.

It is a pity that the idea of modernizing SU-22 aircraft was dropped. Translating that idea into practice would have served to enhance the combat effectiveness of fighter-bomber aviation.

Despite the difficulties, for this year we plan to adapt some SU-22 aircraft to the performance of reconnaissance tasks.

In 1994 we introduced on a limited scale experimental training in raid-mission operations for selected fighter-bomber pilots. The experience thus gained will enable us to take a position on the expediency of such training and its organization—on a broad scale.

There is no doubt that we are succeeding in securing the daily operations of troops to an extent assuring an effective implementation of missions while maintaining basic safety requirements. But the biggest problem, and one which we cannot as yet solve, is the foggy financial outlook, which prevents us from defining clearly the organizational concept of the air force and the related determination of the aircraft of the future.

[Gomolka] General, in the previous interview you declared that, among other things, "If we shall continue to cut down on the required number of flight hours for trainee pilots, in the near future the combat ability level of the Air Forces will diminish." Well, with each year the number of aircraft is decreasing and hence also the number of flight hours per pilot trainee is getting lower. Is it possible to maintain a high pilot training level? Does the present training level assure maintaining such combat readiness of the air force as will serve, if the need arises, to accomplish all objectives?

[Duleba] As I mentioned before, it was possible to slightly increase the number of flight hours (by 12 hours) per pilot. But we are worried by the adverse

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effect of the lack of certain kinds of weaponry on the combat training of pilots. The performance of combat training flights in the absence of those kinds of weaponry, upon merely utilizing the possibilities for combat simulation, is possible only in certain types of aircraft—the SU-22 and the MiG-29. But even the best solutions in that field will still remain halfway measures.

We must also reduce the number of aircraft. This process is linked to the attrition of their operating life. At the same time, cutting down on recruitment to air force schools will result in reducing the number of pilots as needed.

It is highly important to maintain the flight training of pilots at least at the present level. On this depends not only the safety of the performance of in-flight objectives but also the world image of the Polish pilot, important nowadays in view of our aspirations. However, the combat readiness of the Air Forces hinges not only on personnel training but also on the quantity and quality of flight equipment. It is no pleasure to speak of it, but the combat ability of our air force is shrinking and will continue to shrink until new—multipurpose, I think—aircraft are obtained.

[Gomolka] In all the local conflicts (and not only in the Persian Gulf) a definite growth in the role of aviation during combat operations is being observed. What function is assigned to our air forces—both those in the Air and Air Defense Forces and those in the Armed Forces of the Republic of Poland—from the standpoint of assuring an autonomous defense of our country? And what role are our air forces performing in the process of preparation for the conditions of Poland's admission to NATO?

[Duleba] For obvious reasons, an autonomous defense of our country is infeasible. The defense doctrines of the countries whose defense potential is inadequate to the perils they face may be based on two assumptions: Participation in a joint defense effort with other countries and deterrence.

We must realize that admission to NATO is necessary to Poland, as so far there is no other way out.

What role are we performing in preparing the conditions for admission to NATO? Above all, we try to maintain contacts—they are increasingly frequent. We also have made it clear to our potential allies that our training level does not diverge from that of their pilots, that we have well-prepared staffs, and that we are ready to restructure ourselves. NATO also is aware that we are waiting for terms to be defined and for political decisions.

[Gomolka] The restructuring of the Air and Air Defense Forces is continuing, and they keep getting reduced quantitatively. What can it lead to? General, do not you feel apprehensive that the "trimmed" Air Forces might be unable to shoulder the burden of their objectives,sir? What are the goals of the planned reorganization of aviation?

[Duleba] In the language of politicians we quite often encounter the concept, "sufficient defensive might," that is a might that assures achieving a political goal (in our case—deterrence). The problem begins once we ask, just what are the adequate dimensions of that might?

To answer this question, allowance should be made for many factors, and principally the magnitude of the peril should be viewed in relation to the defense-funding possibilities. That is why the answer is up to the country's leading politicians. The military, being excluded from the domain of political disputes, are viewed in such discussion as experts providing the decisionmakers with the optimal data needed to take decisions on defense policy. The discussion of the nature of the armed forces also includes the issue of the role and potential of the air force. Similarly, to be answered, the question of what kind of air force is it to be, requires considering a multitude of variables.

It is a truism that objectives must be fitted to their feasibility. Currently the air force is quantitatively shrinking and at the same time its combat potential cannot be preserved owing to the lack of possibilities for, e.g., acquiring more modern and efficient equipment. Hence, objectives have to be correspondingly revised.

I believe that the quantitative state of our aviation should fluctuate around the ceiling designated by the Conventional Forces in Europe treaty, and its basic equipment should be a modern multipurpose aircraft.

[Gomolka] General, would you consider familiarizing our readers with the future shape of the Air Forces, sir? How shall fighter and fighter-bomber aviation be organized? Does our aviation have room for strike planes? If yes, what will be the future division of assault aviation?

[Duleba] It is still too premature to discuss future structures of the Air Forces in the press. I can only state that, owing to our having a substantial number of SU-22 aircraft (which, as I mentioned, need modernizing) the division into strike (fighter-bomber) and fighter aircraft will be retained. In the future, the acquisition of multipurpose aircraft will obliterate that division. This will result in the rise of tactical air forces capable of fulfilling all objectives, with priority given to fighter objectives, which are decisive to the tightness of the nation's air defense system.

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Of course, operating assault planes, that is, field-of-battle planes, in the tactical zones would be highly desirable and useful. It seems, however, that here we could use the model tried and tested by other countries whose defense needs are similar to ours, namely, using as light assault planes the combat-training planes designed for advanced pilot training.

[Gomolka] General, you have not mentioned the Army Air Force (that is, helicopters). Are helicopters by now definitely part of the Army, or do the Air and Air Defense Forces intend to create and operate their own helicopter forces, e.g., a transport-helicopter regiment, liaison squadrons, or an electronic warfare unit?

And further, will the Air and Air Defense Forces supervise the training of the Army Air Force? If yes, how?

[Duleba] The formation of the Army Air Force as an organic part of the Army has stirred considerable emotions within the flying community. Like any other solution, it has its undeniable advantages and disadvantages. I would include on the plus side the fact, e.g., that aviation has become the most universal means of combat and an organic part of every armed service. Its natural consequence will be the growth of "air awareness" in every domain of the military.

So far, a transport-helicopter regiment has been assigned to the Army and became the basis for the air cavalry being formed. Next, combat-helicopter regiments shall also be assigned to the Army.

However, the Air and Air Defense Forces are justified in operating various types of their own helicopters. One project provides for, e.g., forming a transport-aviation brigade that would include squadrons of midsized transport helicopters. In addition, helicopters will be part of liaison squadrons, VIP transportation, and, of course, on a large scale, the Higher Air Force Officers School.

But whatever the organizational jurisdiction, it is the Air and Air Defense Forces Command that shoulders the obligation of training flight personnel and other specialized personnel, coordinating equipment policies, exercising instructional supervision, elaborating the aviation doctrine, and solving air-safety problems.

[Gomolka] A major training topic of the Air and Air Defense Forces during the Karat-95 Exercise will be "the operation of fighter aviation and missile troops in a joint zone." Perceiving how important this is, the editors of this periodical have announced a contest on that topic. Unfortunately, we have not met with a broad response. General, what is your view on such joint operation in the same zone, sir?

[Duleba] I believe that during eventual air combat operations on European territory, given the extensive saturation of that zone with air-defense missile troops, fighter-aviation operations in the ground-to-air missile areas are not only inevitable but even necessary. So far the solutions to this problem have been elaborated in theory, and likewise the commands and executors of airspace-defense objectives have prepared for it in theory.

Last year, during the Karat-94 Exercise, for the first time we carried out a relatively successful attempt to mesh operations by missile troops and fighter aviation in the same area and at the same time. I must admit that we felt very apprehensive about assuring the safety of the aircrews. However, the commander, General J. Gotowala, was so strongly determined that we overcame all the difficulties. But what matters most is that the experience thus gained will soon now be utilized in the next exercise, Karat-95, which will be much more complex still. Although ability for coordinated operation in the same zone is and will remain needed, fighter aviation will be used chiefly wherever the reach of the missiles falls short. Only then all the advantages of fighter aircraft can be utilized—their armaments and maneuverability, as well as their ability to concentrate effort on the most threatened direction.

[Gomolka] Last year and this year so far have been spent on, among other things, developing new training programs for all kinds of aviation. What progress has been made in this respect, and when will these programs be introduced? Will their contents, objectives, and hence also the effects of flight training, be adequate to present-day requirements?

[Duleba] As I recall it, training programs have always been "impeding" trainees, and there has always been a demand for revising them. But is it worthwhile to develop new programs for training on aircraft which will soon now be retired owing to their aging? Are economic considerations a sufficient argument in favor of simplifying programs and training practices? We have taken these dilemmas into account when developing programs for fighter-bomber aviation, programs that were introduced on 1 January 1995.

Training programs for I-22 Iryda and PZL-130 Orlik aircraft are nearing completion. But for a long time they will remain provisional in nature, owing to the continuing changes in the specifications of these aircraft as they undergo ongoing modernization. On the other hand, work on a unified training program for all helicopters has been completed. However, I do not preclude the possibility that the formation of air cavalry,

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and hence also the expansion of training experience will necessitate major revisions in these programs.

[Gomolka] General, I am aware that you are trying to have basic training at the Higher Air Force Officers School performed on two or even three types of aircraft, sir. The gap is to be filled by Polish-built Orliks and Irydas. To what extent has that equipment been introduced at the Air Force School, sir? What training model has been adopted for the present and the near future?

[Duleba] We have no choice but to replace the Iskra aircraft with a new one, the Iryda, serving to train the pilot to fly a modern combat aircraft. On the other hand, so far as basic training alone is concerned, training costs can be reduced solely by using a simpler, turboprop plane, which costs less to operate, namely the Orlik. Flying the Orlik is an introductory stage in the process of transition to a modern combat aircraft. Here we have not devised anything new. Throughout the world in military aviation a combat aircraft is the third or even fourth plane to be used in the course of flight training.

It is my dream for the graduates of the Aviation Lyceum perform selection and familiarization flights at the Deblin Aeroclub, e.g., on the Iskierka plane. Is the flight school prepared for anything like that? This year we are beginning intensive training on Orlik planes. Instructors from 60 Air Training Regiment in Radom have gained considerable experience flying these planes, and they are ready to take on part of the training effort, as based on the number of instructors and planes available to that regiment. The situation is not as good as regards the Iryda. Since the year 1992, when we received the first two Irydas, their number has grown to only five. This is not enough to begin training, all the more so considering that this aircraft is not meeting our requirements. It is high time for its maker to meet the related military requirements and eliminate all the design flaws. We have already been waiting too long for the possibility of including the Iryda in the training of ensigns.

[Gomolka] Since we are discussing Polish-developed aircraft, additional questions arise. Would a modified Iryda have the chance of becoming a combat aircraft? An assault plane? Or a reconnaissance plane? What about the Skorpion, which received much publicity at one time? Is the W-3 Sokol helicopter (in its various versions) designed only for training and for the needs of the air cavalry?

[Duleba] Questions about the products of the Polish aircraft industry are very difficult to answer, also because—indirectly—they concern the fate of the personnel linked to that industry. But let me try to answer them, if only partially.

I believe that the I-22 [Iryda] can be only a training plane and as such succeed the TS-11 Iskra in performing the related training objectives. A combat aircraft, if we are to design any such, has to be designed from scratch. In Poland several designs of such an aircraft have been developed. Of these the most advanced is the Skorpion. In the United States, where that model was tested in a wind tunnel, it won highly positive assessments. However, translating any of these designs into reality would entail huge financial outlays and is doubtless contingent on political decisions.

In my opinion, the Sokol helicopter, which is being manufactured chiefly for air-cavalry units and the Air Force Higher Officers School, has a great future. Of course, like anything else that is new, it requires revisions and changes. But properly selected armament may cause the Sokol to become a valuable multipurpose helicopter.

The implementation of the Iryda program has been disappointing. That aircraft still is not meeting the tactical-technical requirements specified many years ago. It keeps on being tested. I hope that its tests will soon end and produce positive results. Only if the Iryda meets specified tactical requirements and is equipped with a K-15 engine and suitable avionics, can it be made part of the equipment of the Higher Air Force Officers School. And since not even the basic version of that plane has yet been worked out, it is difficult to speak of the Iryda as a combat aircraft, whether an assault or a reconnaissance one.

Many military experts claim anyhow that the possibilities for developing the Iryda have become exhausted, and only extremely high financial outlays and major design changes would make it possible to modify that aircraft, and even then with hardly satisfactory results.

[Gomolka] We would like to hope for some chance that new aircraft will be acquired.

[Duleba] So would I. In the last few years the only new aircraft to be supplied, in small quantities at that, to our units have been Polish-manufactured planes and helicopters—the Orlik, the Iryda, the An-28, and the Sokol, which I already discussed. These aircraft [if produced in sufficient numbers] could meet the needs of both the Army Air Force and the Higher Air Force Officers School.

There still remains the problem of modernizing the basic part of combat aviation. That is a big problem in measure with the needs of national defense and (perhaps above all) the possibilities of the nation's economy.

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[Gomolka] So much about equipment. Now how about personnel? What is the outlook for young pilots, graduates of the Higher Air Force Officers School? And for their seniors?

[Duleba] Soon now major structural and quantitative personnel shifts will take place throughout the Air and Air Defense Forces, in every organizational unit.

Were the prospects for remaining in the air force to concern only the experienced senior and higher-ranking pilots (the cadre), it would be resolved of itself, of course. But unfortunately the reorganization has been extended to even junior lieutenants in cases in which entire air force units are disbanded.

Those young pilots need not worry about their future. We shall try to help them and find them new positions elsewhere in the Air and Air Defense Forces, or even in the other armed services. If they agree to our proposals, they will find new places in aviation.

Of course, some of them will have to be retrained for other types of aircraft. There is a big demand for helicopter pilots in the Army Air Force.

What about the older pilots? Well, they account for only a small percentage of Air and Air Defense Forces personnel, but at the same time they are the core of the command cadre—essential from the standpoint of the flight training system and the air force command system. They are commanders, flight training organizers, flight safety inspectors, flight directors, and aviation-service specialists who decide on flight safety and the efficiency of the training system.

Any wholesale pensioning of the entire group of experienced pilot officers would cause a crisis in aviation training and command. Hence, some of them are transferring for various reasons—health or family—to other service posts which do not require active flying, and where their experience, acquired in the course of many years of work as pilot officers, is extremely useful.

But there are no painless reforms. Despite our attempts I cannot exclude the possibility that to some people these changes may be painful, involving loss or change of position, relocation, or even change of specialization. As I noted earlier, there should be no problem with finding other positions for pilots. The Army Air Force is growing so that its number of its "flying" positions will even slightly increase, thus providing jobs for pilots regardless of age. On the other hand, the new rules for recruitment to flight schools and the evolving reductions of combat aviation will cause these quantitative changes and personnel shifts to occur naturally as it were.

[Gomolka] The Air and Air Defense Forces maintain two training and recreation centers, in Gronik and Mragowo. To what extent are their facilities being used at present? Will they meet the needs of the air force in the future as well? General, what changes do you envisage in the operation of these centers, sir? What about their medical and recreational facilities?

[Duleba] For the time being the number of pilots is not decreasing and the Army Air Force will very soon now bring about an increase in the number of helicopter pilots. The facilities at the training and recreation centers for pilots are being utilized about 80 percent. But we should be aware that at these centers the space norm per trainee, which was fixed in the 1960s, is quite tight, thus making it very difficult to get an adequate rest. We are trying to do something about it, the more so considering that pilots from several European countries are interested in coming to these centers. They would enjoy their rest and recreation there, but on condition that we improve the facilities and enlarge living areas.

I believe that the purpose of such centers is to prolong the professional stamina of the flight personnel of the Polish Armed Forces, to fully regenerate their physical and mental powers. This aim should be accomplished through a rational apportioning of physical effort and relaxation of stress. It is highly important to inculcate the habit of active recreation, to promote interest in sports, and to provide a rational diet. Definite advantages are yielded by physical therapy and biological renewal exercises, and the location of our centers affords the possibility of benefiting from favorable climatic conditions.

Upon allowing for the changes in the armed forces and the advances in aviation medicine, physical culture, and preventive medicine, new programs have been worked out. A stress scale has been introduced, along with therapeutic physical exercises serving to alleviate various ailments and illnesses, and also along with biological-renewal treatment of stressed spinal vertebrae. The curriculum also includes biological-renewal treatment for older pilots who have accumulated a long flight record and are flying new-generation aircraft.

I hope that all these attempts to make the aforementioned centers more attractive will produce the expected effects, and that the proper utilization of their facilities will continue to be a major factor in keeping pilots in a good physical condition.

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Clinton Recommendation for MFN Status Criticized

AU0106175995 Bucharest ROMANIA LIBERA in Romanian 27 May 95 p 1

[Editorial by Roxana Iordache: "Clinton Against Funderburk"]

[FBIS Translated Text] A few days ago, President Bill Clinton recommended to the U.S. Congress the extension of most-favored-nation [MFN] status for Romania. This is a laudable initiative. Our objections are obviously directed only against the content of the recommendation. We would have expected the U.S. President to ask Congress to grant the status to the Romanian people for Romania's democratization, and for this purpose he could have diplomatically asked the U.S. congressmen to close an eye to the shortfalls of the political regime. However. Mr. Clinton asked for the clause precisely as a eulogy to the regime and its alleged progress. For example, in his report, the U.S. President invokes the fact that "each citizen has the right to return to Romania; he cannot be expatriated by force and cannot be deprived of the citizenship he acquired at birth." This idyllic vision ignores at least the internationally notorious case of King Mihai or, if he prefers, of Mihai of Romania. It ignores the case of the person who, although his family name includes the name of the country in which he was born and grew up, does not have the right to return to his own country, not even as a visitor, let alone to return home. The Iliescu regime does not recognize this elementary right. However, it recognizes the decision of Soviet Moscow, which exiled King Mihai after the Romanian sovereign, through the act of 23 August 1944, delivered the finishing blow to Nazism—an act that led to the shortening of the last world war by half a year. For this act, he was praised by Democratic President Harry Truman. However, the Iliescu regime recognizes the decision of the communist government that, in 1948, after it exiled King Mihai, deprived him of his nationality. The current government validates this great injustice and continues to apply it instead of repairing it. This violation of a fundamental human right is unfortunately ignored by the head of the U.S. Executive, despite the fact that the problem of King Mihai was raised some time ago in the U.S. Congress, also by his colleagues in the Democratic Party.

President Clinton's report also mentions that "the freedom of movement in Romania and the right to leave the country are included in the 1991 Constitution and are not limited in practice." We regret that we have to say it, but this is not correct. A government ordinance limits the right to free movement of Romania's citizens by instituting a border-crossing tax, which is very hard for the limited budget of the ordinary citizen. Although the Constitutional Court had declared the respective government decision unconstitutional, the majority of parliamentarians validated it, for the hypocritical reason of...social protection! They claim that funds for social protection can be collected from the respective taxes. All this, while the dignitaries are enlarging the budget for protocol—read luxury—for protection and hoard scores of billions in the name of social democracy.

In the document that he is endowing with the dignity of the U.S. President, Mr. Clinton also writes that "Romania has made impressive and commendable progress in its human rights practices." This assessment comes now, one month after the same president officially expresses his concern over the encroachment of the right to free and correct information of Romania's citizens through the government's attempts to extend political control over the national television. We skip other violations of human rights in Romania, such as the right to free demonstration, repressed with military vehicles and beatings in political police detention (see the Varzaru case), as it happened on 10 May, a date that President Eisenhower officially saluted as national independence day for Romanians. We are only asking ourselves whether President Clinton considers the act of the Romanian leaders to violate the right to ownership stipulated by the Constitution to be "impressive and commendable" and whether he approves of the legalization of the act of confiscating dwellings that had been nationalized during the communist regime, including those that belonged to Jews, for whose return to their owners the United States is militating. We allow ourselves to remark that Mr. Clinton would stay in office for no longer than the few minutes that he would need to sign his resignation if he just tried to propose the confiscation of their property to the American people. Today, the majority in the U.S. Congress is held by the party of Mr. David Funderburk, the former ambassador who resigned as a sign of protest against the policy promoted by the State Department, which was ignoring the reality in Romania and was cooperating with the Ceausescu regime. We believe and we hope that the current Congress will extend the most-favored-nation status for our country, but with an amendment on respect for the truth and justice for the future.

Senator Condemns NATO Strikes Against Pale

AU0106132095 Bucharest EVENIMENTUL ZILEI in Romanian 30 May 95 p 1

[Article by Marcela Feraru: "A Prominent Member of the PDSR Violently Attacks NATO"]

[FBIS Translated Text] During yesterday's Senate session, Senator Gheorghe Dumitrascu, a prominent mem-

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ber of the ruling party [Social Democracy Party of Romania, PDSR] launched a violent attack against NATO and the United Nations for their recent military actions against the Bosnian Serbs. The Constanta County PDSR senator pointed out that the United Nations is imposing peace by means of "the perfect war machinery, which is NATO." Glorifying the heroism of the Bosnian Serbs, Dumitrascu asserted that the peacekeeping forces' soldiers are nothing but "rogues" [lotri].

It is worth mentioning that none of the lawmakers representing the ruling party replied to Dumitrascu in any way.

Draft Law on Defense Ministry Organization

AU0106133895 Bucharest EVENIMENTUL ZILEI in Romanian 25 May 95 p 2

[Article by Radu Tudor: "The New Draft Law on the Organization and Functioning of the Ministry of National Defense—The Chief of Staff Will Become the Number-One Military Authority in the Romanian Army"]

[FBIS Translated Text]

For the First Time in Romanian History, It Is Sanctioned in the Law That the Minister of National Defense Must Be a Civilian

Currently, the new draft law on the organization and functioning of the Ministry of National Defense [MApN] has been forwarded to the government. This document will very clearly separate the responsibilities of the minister of national defense from those of the chief of the General Staff. For the first time in Romania's history, the law will stipulate that the minister of national defense is a civilian. After this law is adopted, it will no longer be possible for an officer to occupy the position of defense minister, except in the event that he is transferred to reserve duty.

The first new element of this draft law is the redistribution of duties and responsibilities in the Army. The minister of national defense will be in charge mainly of relations with Parliament and the government, financial policy, and personnel. He will have a civilian first deputy, in charge of international relations, education, culture, and public relations.

The chief of the General Staff will virtually become Authority Number One for military operations. Issues connected with organization, mobilization, combat training, operations, military intelligence, and others will fall within in the General Staff's competence.

From a hierarchical viewpoint, the minister of national defense will be superior to the chief of the General Staff; however, the duties of the two will be separated, considering the difference between the two persons (civilian/military, specialized training, etc...).

In concrete terms, we list below the areas that will fall within the responsibility of the defense minister and of the chief of staff of the Romanian Army. These areas we are presenting with the reservation that some changes might occur, considering that there are still such types of discussions: "So, whom should we leave in charge of this directorate?" or "To whom should we give this section or this office?"

—The following are directly subordinated to the minister of national defense:

1. Personnel Directorate
2. Financial Directorate
3. Counterespionage Directorate
4. The Judicial Office of the MApN
5. The Minister's Cabinet
6. The National Defense College
7. The Directorate of Military Courts, the Military Section of the Supreme Court of Justice, and the Military Prosecuting Magistracy Section.

The secretary of state in charge of defense policy and international relations and the chief inspector of the MApN will be directly coordinated by the minister.

—The secretary of state in charge of defense policy and international relations has in his subordination the following:

1. Political-Military Analysis and International Relations Directorate
2. Military Education Directorate
3. The Army's Intelligence and Public Relations Directorate
4. Cultural Directorate
5. Independent Sections and Offices

—The chief inspector of the MApN is responsible for:

1. Financial Control and Administration Directorate
2. The Minister's control body
3. The MApN's Supreme Commission for Regulations
4. Independent sections and offices

—The following are directly subordinated to the chief of the General Staff:

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1. Operations Directorate
2. Military Information Directorate
3. Organization-Mobilization Directorate
4. Arms Control and Verification Directorate
5. Planning Directorate
6. The General Staff Inspectorate (other than the MApN Inspectorate)
7. Independent sections and offices

The General Commands of the Ground Troops, Air Force, Antiaircraft Defense, and Navy Are Subordinated to the General Staff

The general commands of the ground troops, armed forces, and antiaircraft defense and of the navy will be directly subordinated to the General Staff.

There are still such discussions as: who should the Equipment and Logistics Department be subordinated to, or who should coordinate the activity of the head of this department (the minister or the chief of staff)

Modifications are still likely to occur to the current scheme within the actions of continuous modernization and perfecting of the Romanian Army, after discussions at the level of leadership and with the representatives of some Western countries. Likewise, such modifications can appear when the draft law is debated in Parliament.

Currently, Gheorghe Tinca is the minister of national defense, Colonel General Dumitru Cioflina is the chief of the General Staff, Dr. Ioan Mircea Pascu is secretary of state in charge of defense policy and international relations, and Lieutenant General Florentin Popa is secretary of state in charge of equipment and logistics issues.

[The article is accompanied by an organizational chart showing the subordination of the main offices under the Defense Ministry. The offices designated "Secretary of State, Chief of the General Staff"; "Secretary of State, Head of the Department for Political Analysis and International Relations"; and "Secretary of State, Head of the Equipment and Logistics Department" are directly subordinated to the minister of defense. The office of "Chief Inspector of the National Defense Ministry" is a lateral office of the Defense Ministry. Below the chart is the following text:

"The minister of national defense will continue to be the Number-One authority in the Ministry of National Defense also after the endorsement of the new law. He has three secretaries of state as deputies, one of them being the chief of the General Staff, who will coordinate all military activities of the army. Through the other two secretaries of state, the minister will coordinate the matters for which the respective two persons are responsible.

"The first deputy minister of national defense will become the secretary of state, head of the Political-Military Analysis and International Relations Department.

"A larger number of civilian personnel will be added to the structures that are directly subordinated to the minister of national defense."]

Melescanu Sees Progress in Talks With Hungary

AU0106170495 Bucharest Radio Romania Network in Romanian 1300 GMT 1 Jun 95

[FBIS Translated Text] Mr. Teodor Melescanu, minister of state and minister of foreign affairs, returned this afternoon from Nordwijk, the Netherlands, where he participated in the meeting of the North Atlantic Cooperation Council [NACC]. In a statement he made at Otopeni Airport, the foreign minister assessed the discussions as important, particularly from the viewpoint of the interest shown by each country in the way in which Europe will further develop and in NATO's role in this respect. According to our correspondent Doina Saiciuc, the head of the Romanian diplomacy considered it important that the Russian Federation accepted the Partnership For Peace [PFP]. In Romania's opinion, the fact that Russia presented its individual PFP program and that a document on cooperation between NATO and the Russian Federation was adopted marks a very important step, since it sanctions Russia's participation in a most efficient program, the PFP.

During his meeting with the foreign ministers of the NATO candidate countries, U.S. Secretary of State Warren Christopher reiterated the United States' determination to be the leader in the diplomatic efforts to expand NATO.

During his present in Nordwijk, Mr. Melescanu also had several bilateral meetings with some of his counterparts, including Hungary's Foreign Minister Laszlo Kovacs. The talks between the two foreign ministers dealt with the Romanian-Hungarian basic political treaty. In this connection, the head of Romanian diplomacy said, quote: It seems that there is some movement here. The Romanian side has always shown very great flexibility in this matter. I understand that the Hungarian side is also interested in finding solutions, which can overcome the positions expressed thus far during the negotiations and facilitate the search for an area of consensus and certain formulas, which, in the opinion of the two sides, could be compromise formulas.

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Our correspondent reports that a new round of negotiations at expert level devoted to still-pending problems will take place in the first half of June.

Melescanu Praises Cooperation With Hungary

AU0206120595 Budapest MAGYAR HIRLAP in Hungarian 1 Jun 95 p 6

[Interview with Romanian Foreign Minister Teodor Melescanu by Otto Neumann; place and date not given: "We Must Compete With Ourselves"]

[FBIS Translated Text] [Neumann] Irrespective of the basic treaty at the moment, how do you evaluate Romania's relations with Hungary?

[Melescanu] Cooperation between our countries is developing dynamically in several areas. Among our neighbors, Hungary is Romania's most important economic partner. Trade between the two countries reached $315 million in 1994, 1.5 times more than in 1991. The number of joint ventures exceeds 1,600. A free trade agreement between Romania and Hungary is being prepared now. However, I would like to draw attention to a shortfall: The law on the mutual protection of investments could not become valid because, although the Romanian Parliament already ratified this agreement, the Hungarian Parliament has not yet done so.

[Neumann] Some government bodies in Budapest and Bucharest are also conducting a fruitful cooperation....

[Melescanu] Yes. For example, in the area of military cooperation, the Open Skies agreement is the first such agreement in Europe, and the agreement that we regard as a measure aimed at creating mutual confidence and regional security. The two relevant ministries are also preparing a broader cooperation plan with the same goal in mind. Another important development is the aide-memoire signed by the Romanian and Hungarian Foreign Ministries, which is a political, economic, cultural, and consular action plan. A protocol was signed on cultural cooperation; a plan of cooperation between the two countries' science academies was signed, too, and a Romanian-Hungarian aviation agreement is being prepared now.

[Neumann] You once told us that you do not regard the highest level political relations close enough. Do you see any change in this respect?

[Melescanu] The Romanian-Hungarian political dialogue increased lately. The two presidents and the two prime ministers met with each other in international forums, and Romania again expressed its readiness to develop good-neighborly relations. However, I cannot hide the fact that no mutual visits at the presidential or prime ministerial level have been organized in the past five years, although Bucharest repeatedly expressed its readiness to host such meetings.

[Neumann] Communities along the border are in constant contact with each other....

[Melescanu] Indeed, we know about a lot of such cooperation cases, and sister city agreements were signed between several communities. Despite the financial difficulties, Romania is making considerable efforts to develop and modernize the crossing points at its western border.

[Neumann] In your view, what are the prospects of signing the bilateral basic treaty?

[Melescanu] The development of Romanian-Hungarian relations encourages our mutual and steady efforts to find formulas acceptable to both sides for the signing of a political basic treaty. This is also in harmony with the joint statements signed by the two prime ministers in Paris on 20 March 1995. It is also in harmony with their personal promises, according to which the negotiations will bring final results in the foreseeable future. As is well known, the experts already agreed on the greater part of the proposed text. A few paragraphs on the national minorities are still open. I would like to stress that Romania has no difficulties in observing the international stipulations regarding the rights of persons belonging to a national minority. The fact that we were the first to sign the framework agreement on protecting the rights of national minorities proves this. Inspired by the legal system of Western countries, the Romanian laws, including the Romanian Constitution, amply guarantee these rights. Therefore, I see no obstacle in finding adequate formulations that would reflect the position of the Hungarian side most recently expressed by Prime Minister Gyula Horn, according to which Budapest wants to achieve "collective rights" or "territorial autonomy of an ethnic nature." Besides, these concepts, which have no general relevance in Europe, are unacceptable in Romania because they contradict our constitutional order. Let me note that all international legal documents—primarily the documents of the Council of Europe—consistently urge us to respect the laws of the countries in question when they formulate stipulations or guidelines on the right of persons belonging to national minorities. I also wish to remind you that local autonomy and the decentralization of public administration are guaranteed by the Romanian Constitution and the relevant law. The government submitted the European Charter on local administration to Parliament, and it is now studying the bill on national minorities. All this provides an adequate legal framework regarding the protection of national

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minorities and is in harmony with both the European proposals and the Romanian laws.

[Neumann] The Romanian side had this position you just described even before the stability conference in March. In April, the NAA [North Atlantic Assembly] confirmed the validity of the Proposal No. 1201. Does this lead to a reevaluation of your position?

[Melescanu] In our opinion, a general reference to Proposal No. 1201 in the basic treaty would not be sufficient. What I mean here is that this also caused confusion in the Slovak-Hungarian treaty because the Parliament in Budapest has not yet ratified this basic treaty either. Thus, I think we must find clear formulations that both sides interpret in the same way. With this basic treaty, we want to solve problems, not create new ones, and I hope that the Hungarian side thinks the same. Irrespective of the chosen solution, I do not think that the issue can be reduced to a dilemma of "a basic treaty signed with Proposal No. 1201 or without it." We would include the main stipulations into the text of the basic treaty by mentioning the framework agreement. Besides, I would like to note that Proposal No. 1202 in a "pure" form cannot be found in any agreement signed so far. In every case, the sides to the agreement are trying to adapt this proposal to their special conditions. In my opinion, it is a fruitless and unrealistic expectation to absolutize this proposal....

[Neumann] How do you see the prospects of the two countries in integrating with the Euro-Atlantic organizations?

[Melescanu] Romania and Hungary are treated alike in their efforts to join the international structures. We participate in NATO's Cooperation Council and Partnership for Peace; we are associate members of the EU and members of the Council of Europe. I fully agree with Hungarian President Arpad Goncz's opinion, one that he again expressed recently, namely that Romania and Hungary should join NATO simultaneously, of course after NATO clarifies its position regarding its expansion toward the East. This principle can be supported by several arguments. It is sufficient to mention the fact that a possible NATO border between Hungary and Romania would cause stability disturbances in this region and throughout Europe. This also applies to our EU membership. We think that the integration of Romania and Hungary into Europe should not be achieved on the basis of competition between the two countries; instead, this should be achieved through each competing with itself to implement the criteria required by such an integration. Therefore, it is in the interest of both countries to get into the framework of European structure together. And I think that we are only capable of doing this together.

Presidential Spokesman Shows Concern About B-H

AU0106205495 Bucharest Radio Romania Network in Romanian 1900 GMT 1 Jun 95

[FBIS Translated Text] During the weekly news conference held today by the spokesman of the Romanian Presidency, Ambassador Traian Chebeleu expressed the head of state's concern about the considerable deterioration of the state of conflict in Bosnia-Herzegovina [B-H], which was assessed as the most critical time that has emerged in postwar Europe.

In connection with the report that [North Atlantic Assembly Chairman] Karsten Voigt presented at the spring session of the NATO Parliamentary Assembly, the spokesman expressed the presidential institution's disappointment in the explicit reappearance of the idea regarding the gradual admittance or admittance in stages of the countries in central Europe—Romania being omitted from the first batch, according to the report.

The spokesman also expressed the hope that as far as the Alliance's expansion toward the East is concerned, the interests of consolidating stability and security in Europe will prevail.

During the same news conference, Mr. Traian Chebeleu said that the Romanian president learned with satisfaction, and appreciates, the recent declaration by Hungarian President Arpad Goncz and by Prime Minister Gyula Horn regarding the prospects to conclude the Romanian-Hungarian basic treaty soon. Likewise, the head of the Romanian state shares the confidence in the possibility of overcoming the last obstacles that exist in elaborating the text of the treaty and reaffirms his political will to do everything in his power for this purpose.

Daily Warns Against Overreacting to UDMR

AU0206064295 Bucharest ADEVARUL in Romanian 30 May 95 p 1

[Editorial by Cristian Tudor Popescu: "Do Not Shoot at Pawns"]

[FBIS Translated Text] Two events of great impact on the Romanian public at large took place last week: the fact that Romania was not mentioned—in the speech of Karsten Voigt, a German, the president of the North Atlantic Assembly [NAA]—among the countries scheduled to join NATO; and the fulminating statements of certain Hungarian extremists on the question of autonomy made at the fourth congress of the Democratic Union of Hungarians in Romania [UDMR] in Cluj. Both events were extremely aggressive and irritating.

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Although until now I have chided the Romanian diplomats for their polite policy, devoid of incisiveness, on the Hungarian issue—and I will continue to chide them, to let loose the natural popular discontent on the political plane at this time would be a most counterproductive error.

Of course, it is hard to put up with such UDMR officials as Erno Borbely when he says that "the UDMR is a state within a state" or Sandor Demeter, who says that one should prevent the building of an Orthodox cathedral in Szeckler land at all costs; likewise, it is hard to put up with a Jozsef Torgyan [chairman of the Independent Small Holders Party of Hungary], who came from Budapest to simply launch a call to battle under the red-white-green flag [of Hungary]. If, until now, the UDMR was affectionately propagating the theme of protecting the Hungarians as a minority, the current tone suggests the open desire of those caricatures of noblemen to get on our backs. However, one should never forget that the UDMR is not identical with the government in Budapest. Each one of the two political entities is following its own goals—business is business, after all—which are not necessarily identical. Regarding Transylvania, "what we would like can no longer happen," Gyula Horn said a short while ago, nostalgically and pragmatically at the same time. The Hungarians in Transylvania, seen from Budapest—as we consider the Bessarabians [in the Republic of Moldova], let us be frank—are a factor that the Hungarian Socialist Party [MSZP] is obliged to take into account out of political considerations involving the nationalist right of the Hungarian political landscape. Otherwise, they are somewhat spoiling Budapest's high level priorities, the main one of which is adherence to NATO at all costs, even together with Romania. "Generally speaking, I am neither impatient, nor pessimistic, because I am absolutely sure that the politicians and the public at large have realized that improving relations serves the interests of both states and nations," the head of the Hungarian diplomacy, Laszlo Kovacs, rightly said last Sunday [28 May] in connection with the prospects of signing the basic treaty between the two countries. Here is another telling factor: A member of the MSZP delegation apologized to the participants in the UDMR congress for the behavior of his compatriot, Jozsef Torgyan. Therefore, what are of importance for the Romanian Government are the negotiations with the Hungarian Government, not the uncontrolled outbursts of the UDMR people or the Budapest extremists, nor the statements of Mr. Voigt, who, as a matter of fact, does not belong to the NATO leadership and is only an expert in security policy of the opposition Social Democratic Party of Germany. A second aspect that should be taken into consideration is NATO's structure. Here, there are two trends vis-a-vis Romania: the western European one, which is not favorable to us and displays an obvious partiality—economically and historically motivated—toward Hungary, Poland, Czechia, and possibly Slovakia; and the U.S. trend, which lays considerable emphasis on Romania's geostrategic position in the Black Sea basin. At the other end of this sea, there is one of the hottest areas of the planet, namely the oil fields of the Caucasus-Caspian Sea area, the place where the Fuehrer's great dream was going to come true, namely the junction of the German troops coming from Stalingrad with Rommel's tanks, which would have conquered northern Africa, the Middle East, and Syria... This is the place where the Chechens are waging a life and death struggle with the Russian colossus for the same prize: oil. In order to hold a strategic counterposition in the region, the United States has forcefully pushed through Turkey's introduction in NATO, which it will preserve, despite the fact that the EU has been refusing Turkey's membership for more than 20 years and the Council of Europe has just punished Turkey with suspension because of the ethnic war waged against the Kurds. Despite its economic difficulties, Romania is an interesting partner for the United States—one among the most interesting partners in eastern Europe. Since the Americans do not suffer from Habsburg melancholy—because of its significant military strength and position. All the more so as, in the parliament of the other country with an exit to the Black Sea, namely Bulgaria, the ruling Socialist Party has blocked (on 26 May) the resolution on adherence to NATO. Richard Holbrooke, U.S. deputy secretary of state, said in an interview granted to TV station Antena 1: "Regarding access to NATO, there is no short or long list. Actually, there is no list." Of course, the situation is different when it comes to joining the EU; there is a great ongoing economic competition there. Still, until that time comes.

As far as the United States is concerned, Romania and Hungary, which are "separated" by the Pannonian Plain, represent a strategic whole. Therefore, the Americans have not much use for Hungary in NATO without Romania. What is significant in this respect is the adamant way in which Laszlo Tokes [honorary president of the Democratic Union of Hungarians in Romania—UDMR] keeps bombarding Washington with messages expressing his discontent with the lukewarm U.S. interest in the matter of Hungarian autonomy and calling for pressures against Romania. Without the pretense of drawing any conclusions, I would say that our policy in the Hungarian matter should be firmer and more offensive and energetic, but that firmness and energy should be channeled toward basic goals, thought out in a European and world context, not toward wrangling with mere pawns, no matter how irritating they may be.

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Case of Counterfeit U.S. Currency Investigated

AU0206111295 Bucharest ADEVARUL in Romanian 29 May 95 p 8

[Article by Petre Musat: "Hundreds of Thousands of Fake Dollars in Dabuleni"]

[FBIS Translated Text] Police have found 1,020 fake $100 bills in the home of 17-year-old Alina Postaru in Dabuleni Commune, Dolj County. Postaru said that she received the bank notes from her 28-year-old sister Florentina Postaru, who lives with a Pakistani citizen in Bucharest. The Pakistani testified that he had received the false banknotes from a Turkish citizen called Dursun and that he does not know how or where that person could be found. So far, on the basis of evidence, the police have established that Alina Postaru sold, directly or through middlemen, 160 false $100 banknotes to some people in Dabuleni. By yesterday, the Dolj County Police had succeeded in recovering 1,200 [figure as published] such banknotes. The investigation continues.

Paper Views 'New Diplomatic Failure'

AU3105134695 Bucharest ADEVARUL in Romanian 29 May 95 p 1

[Editorial by Dumitru Tinu: "Hostages"]

[FBIS Translated Text] It is an irony of fate that the "sentence" of the North Atlantic Alliance on abandoning Romania as Russia's hostage was pronounced in Budapest itself. During the meeting of the North Atlantic Assembly [NAA], whose proceedings took place in the Hungarian capital (for the first time outside the perimeter covered by NATO), the NAA president, the German Karsten Voigt, deemed it fit to also cover the controversial matter of the expansion of the alliance to the East. On the one hand, he reiterated the well-known thesis according to which adherence will be made conditional upon the progress made by each country alone; on the other hand, he hurried to announce the winners of this marathon in advance, long before the finish line has been reached. As was to be expected, Romania does not figure on the list of winners drawn up in Brussels (or Budapest?).

On reading this preferential list, the first thing that springs to mind is that our country has again entered the domino game of the great powers. It has become one of the pawns offered to Moscow in exchange for getting the other countries outside Moscow's sphere of influence. The lure of the Partnership for Peace [PFP] has not been swallowed by Russia, which displays signs of nervousness whenever the problem of expansion to the East is brought up. Fearful to the point of obsession of further upsetting the Russian bear, the West seems ready to divide the region in two—central and eastern Europe—thus abandoning not only Romania but also the Baltic countries, to say nothing of the other republics that severed themselves from the former Soviet empire.

In a fatalistic view of history, one could interpret all this as a new failure of the Romanian diplomacy. However, we must also wonder whether we would have been able to influence the "NATO" jury in the drawing up of its priority list. We found the replies of the two representatives of our country to the NAA—from the summary of their speeches relayed by the Romanian Television—quite excellent. Indeed, Messrs. Petre Roman and Ion Ratiu rebuffed NATO's discriminatory attitude toward Romania, including the supporters of adherence at several speeds. Still, is there an official strategy to counter the anti-Romanian propaganda? For this, there is no need to employ the services of phantom lobbying agencies—like the one hired by Adrian Severin at high costs for the country which confused Bucharest with Budapest—but rather by involving certain prominent personalities, regardless of whether they are linked to the government or to the opposition, because, after all, we are talking, here, about Romania's national interests.

But let us see what the criteria, to which we can refer in the matter of NATO adherence, really are. One must assume that one should primarily proceed from considerations of military progress. But in this respect, how far ahead of us are Hungary, Poland, Czechia, Slovakia, and Slovenia? As is well known, the first four countries had been 100-percent integrated into the Warsaw Pact structures until 1990, with everything that such an integration involved regarding technical equipment (exclusively Soviet) and military cadres. On the other hand, Romania had left these structures 25 years ahead of them and had drawn closer to the West through purchases of combat technology and cooperation in military training.

Second, progress in the political sphere probably counts too. Despite our criteria and reservations in this matter regarding developments at home, one can hardly doubt the progress we have made along the road of democracy in these years: the development and consolidation of the state-of-law institutions, the adaptation of our legislation to European legislation, and the internal measures taken to guarantee civil rights and freedoms. If NATO circles still have reservations toward the current power holders in Bucharest, they should be more upset by the return to power of former communist parties in certain Central European countries.

Third, maybe economic progress counts, too. In this respect, except for the delay in the implementation of

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economic reform and restructuring, Romania is treated by the EU on an equal footing with the other East European countries.

Why then this discriminatory attitude of NATO toward a country with weight in the region from the viewpoint of its size, economic potential, military force, and, last but not least, strategic position? Are we really hostages in the play of interests of the great powers or are we hostages of the incompetence of the current government? Why did we fail to convince others that not only does Romania need NATO; NATO also needs Romania? These are the inevitable questions that those responsible for Romanian foreign policy should ask themselves, in the wake of the new diplomatic failure.

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Federal

Government: Balkan Cooperation 'Strategic Goal'

LD0106165295 Belgrade TANJUG in English 1641 GMT 1 Jun 95

[FBIS Transcribed Text] Belgrade, June 1 (TANJUG)—The Government of the Federal Republic of Yugoslavia pointed out on Thursday that the development of good-neighbourly relations and regional cooperation in the Balkans constituted the country's long-term strategical priority goals.

An Information Secretariat announcement said the government assessed that the F.R. Yugoslavia succeeded in preserving bilateral relations with its neighbours despite U.N. sanctions and crisis in parts of the former Yugoslavia.

The government found that the international blockade of the F.R. Yugoslavia still was the primary limiting factor and obstacle regarding a speedier recovery of the domestic economy and its reintegration into the world market of goods and capital.

Bearing this in mind, the government said, it is indispensable that all the state organs and competent institutions should further engage themselves to the maximum for the sanctions to be abolished at the soonest.

The government would send urgent humanitarian aid in commodity and medicine to the victims of a disastrous quake in the Russian Federation's island of Sakhalin, the announcement said.

Trade Minister Cites Losses Due to Sanctions

LD2905105695 Belgrade TANJUG in English 1011 GMT 29 May 95

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, May 29 (TANJUG)—Yugoslav Trade Minister Djordje Siradovic said Sunday that the sanctions against Yugoslavia have directly incurred a 55-billion-dollar loss on the country and indirectly a 148-billion-dollar loss.

Speaking within TANJUG's survey of adverse effects of the three years of sanctions, Siradovic said that, in terms of gross product, immediate damages incurred by the sanctions amounted to more than 55 billion dollars.

Indirect damages are estimated to amount to at least 148 billion dollars because of the technological lag, the ban on transit of goods via Yugoslavia and the drop in tourist trade, he said.

Siradovic said the sanctions had incurred incalculable damages in the sphere of all economic and social activities, and said their maintaining would for a long time lessen chances of stable economic development in the entire Balkan region and Europe on the whole.

A complete and lasting lifting of sanctions is dictated by the economic logics of interdependence of state economies and the current integration trends in Europe aimed at forming a stable, economically promising, competitive and secure Europe, he said.

It is also dictated by the fact that the international community has recognized the constructive contribution of Yugoslavia's peace policy in the region, he said.

Siradovic said the unjust sanctions had affected Yugoslavia's neighbours, too, incurring a loss of about 40 billion dollars on them.

The sanctions have slowed down the process of economic transition in these countries, specifically in Romania, Bulgaria and other neighbouring countries, affecting the economy of the Balkans as a whole, and even the economies of some E.U. countries, like Greece and Italy, he said.

For this reason, these countries have made repeated requests to U.N. bodies for a compensation of damages, but without any success, he said.

Siradovic said Greece had recently moved in the United Nations for reconsidering the sanctions and, consequently, their lifting, and for a compensation of the damages incurred by them on neighbouring countries, which Russia has been urging for more than a year.

In addition to all Yugoslavia's neighbours, Ukraine, Poland and other countries have also joined Greece's move.

Implications of Serbs Uniting Viewed

AU3005173295 Belgrade VECERNJE NOVOSTI in Serbo-Croatian 24 May 95 p 2

[Article by Ranko Petkovic: "Avoidance of Responsibility"]

[FBIS Translated Text] Two topics are presently drawing the attention of the Yugoslav and the international public: the decision passed by the Assembly of the Republic of the Serbian Krajina on a possible early merger with the Serbian Republic, and the announced possibility that the Federal Republic of Yugoslavia might recognize Bosnia-Herzegovina.

These two topics can be looked upon in the light of the so-called Serbian-Serbian relations and whether the international community wishes to obstruct or support a solution to the crisis in this region.

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Obstruction?

The decision passed by the Republic of Serbian Krajina on a possible early merger with the Serbian Republic surprised no one. Both sides have already stated on several occasions that this is their interest and intention, only it was not carried out, in the expectation of better times. Have these times come now? It is difficult to give a positive answer. It is surprising that now, when one would expect relations between the Republic of Serbian Krajina and the Serbian Republic to be frozen, because the latter did not help western Slavonia, the Republic of Serbian Krajina is seeking its safety in a merger with the Serbian Republic.

Although the circumstances that the Serbs in these two former Yugoslav republics face and their interwoven interests and destinies create an easily understandable feeling that, if united, they will more easily resist those who challenge their right to self-determination, there is still the impression that the merger with Pale is, more or less, an option that would divert attention from the responsibility for the wretched fate of western Slavonia on the one hand, and, on the other, strengthen the positions of one wing and weaken the positions of the other in the disunited Republic of Serbian Krajina leadership.

Since the decision of the Republic of Serbian Krajina to merge with the Serbian Republic obviously runs contrary to the intentions of the international community to solve the crisis in Bosnia-Herzegovina by implementing the Contact Group plan and to resolve open questions between Zagreb and Knin through political negotiations, this decision could be interpreted as preferring the war option, because the Federal Republic of Yugoslavia, as the home country, is becoming more and more directly engaged in implementing the peaceful option. From this point of view, this merger of the Serbs could in fact lead to a split between them.

Let us hope that all participants who will work on implementing the decision from Borovo Selo will be aware that they have opened Pandora's box, since their decision will almost inevitably lead to a reaction of the UN Security Council, regardless of whether its members are enemies of Serbia or supporters of justice. On the pretext that the merger between the Republic of Serbian Krajina and the Serbian Republic conflicts with the fundamental attitudes of the international community in the search for a solution to the so-called Yugoslav crisis (the recognition of the newly established states in the existing borders and granting of rights to national minorities, with extensive autonomy in the areas where they have the ethnic majority) and, consequently, also represents an attack against the territorial integrity of Croatia and Bosnia-Herzegovina as UN members, the Security Council could apply the emergency economic and military measures of Chapter 7 of the UN Charter.

We should not risk saying that the future will show whether the merger of the Republic of Serbian Krajina and the Serbian Republic was a euphoric or a sober act, because with the present disposition of forces the Serbian people could pay a high price for pursuing its strategy of self-deceit or self-sacrifice.

Support?

The resolution passed by the UN Security Council, which includes the largest international powers as its members, shows that all of them agree that the mutual recognition of the former Yugoslav republics is an unavoidable condition or framework for the ending the crisis in this area. The earlier assessment that a decisive breakthrough toward establishing peace in Bosnia-Herzegovina and solving the open questions in the relations between Zagreb and Knin might lead to mutual recognition has now been replaced by the expectation that the recognition of Bosnia-Herzegovina by the Federal Republic of Yugoslavia could be a big step forward toward an early end to the crisis.

In the view of certain circles, the official recognition of Bosnia-Herzegovina (which has de facto already been recognized by Belgrade, since Belgrade has accepted the Contact Group plan, which is based on the internationally recognized borders of Bosnia-Herzegovina) could make the position of the Serbs in Bosnia-Herzegovina more difficult. In the view of others, however, the suspension or removal of the sanctions against the Federal Republic of Yugoslavia and the opening of the door for its reintegration into the international community would objectively strengthen its influence in finding a solution to the so-called Yugoslav crisis and even its support of the legitimate rights and aspirations of the Serbs in the former Yugoslav republics.

Commentary Criticizes Serbian Orthodox Church

AU3005090595 Belgrade BORBA in Serbo-Croatian 25 May 95 p 5

[Commentary by Milan Pesic: "From Religion to Politics and the Other Way Round"]

[FBIS Translated Text] It is not difficult to conclude that the more the Serbian Orthodox Church got involved in daily politics, the more inconsistent and contradictory its attitudes and positions became. The rare inarticulate and partial dissociations of its leadership from individual actions performed by religious "officials" and their statements—as was, for example, the case during the "historic meeting" in Gracanica, which was attended

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by approximately 100 people—could not make things better.

All this directly contributed to its loss of image among the people, regardless of pompous baptisms of the newly rich and individual attempts of the impoverished middle class to find a new identity through it.

Political commentators who, during the recent period, dared say that certain circles within the Serbian Orthodox Church were practically behaving like a political (opposition) party were rare.

Should we offer a reminder, for example, that these circles allowed themselves to actively participate in election campaigns, naturally, against the Serbian "regime." They did not, however, have the capacity to realize that the Serbian Orthodox Church thus practically opposed the majority of its people, whose decision in every election so far has been clear.

And finally, it is difficult to explain even to political laymen how the Serbian Orthodox Church Synod—held in May 1992—could "in the name of peace" and "brotherly love" condemn "the godless regime" in Serbia because of its support of the Serbs from the former Bosnia-Herzegovina, requiring from the very same "regime" to immediately resign, because of the sanctions that were imposed against Yugoslavia and the Serbian people, whereas at the beginning of September 1994 the "godless regime" was condemned again, but this time for "abandoning the brothers on the other side of the Drina River" and "because of the installation of the blockade along the border," or to be more precise, because of Belgrade's decisive insistence on dissociating itself from the nationalist extremism in order to prevent new sanctions from being imposed against Yugoslavia (according to the well-known "model" of the Vance-Owen plan).

It was also noticed that the Serbian Orthodox Church ignored the celebration of the 50th anniversary of the victory over fascism, regardless of the fact that numerous priests, as for example Vlada Zecevic or Jevstatije Karamtijevic, were partisans during World War II.

In contrast to that, many people were astonished last year when—during the celebrations of the liberation of Belgrade and Serbia from fascists and quislings—Holy Masses were held in Serbian Orthodox churches for the victims of communist terror, or, somewhat earlier, a mass for the Serbian quisling Milan Nedic.

As long as the basis of religious activities is allowed to be ideological and political instead of being religious and spiritual, the Serbian Orthodox Church will not succeed in finding its identity and its place in society. There are certain circles in the Serbian Orthodox Church that clearly support ultrarightist political forces, regardless of whether they are nationalist or "democratic" in their orientation, this depends only on their opinibn of what is more opportune in opposing the official leadership—which was in Serbia and Yugoslavia elected in a legal and democratic way.

Even some foreign analysts have stated that the Serbian Orthodox Church is the one in Europe that interferes most with politics and that it is directly politically engaged in daily events. Describing this phenomenon, the information media of Western Europe have often stated that "the so-called American wing won in the Serbian Orthodox Church," in the sense of an extreme political and ideological "engagement" of the Serbian Orthodox Church.

"The attempts to create a clerical state in Serbia, too, can be seen in the movements for the transformation of Serbia into the state of Saint Sava. It will soon be established, however, that this is only an invitation to buy a ticket for a future clerical Central Europe. This breaks up the Serbian history, and the Serbian nation is sent into unknown territory. The future of our people should be determined by its enriched culture and not by a church that has not played this role since 1804," Milorad Ekmecic, an academician, wrote in one of his books.

One of the biggest achievements of modern civilization is the separation of the church from the state, because politics should be conducted by politicians, and religious and spiritual life by priests.

As long as the Serbian Orthodox Church does not rid itself of the aforementioned anachronisms and inconsistency, it will live miserably, involved in its own extremism and ideological ostracism.

The clearer the evolution of the Serbian Orthodox Church in a more rational and modern direction is—divested of ideological positions from the past—the better this will be for both the church and the people.

Serbia

Milosevic Has No Authority To Recognize Bosnia

LD0206093495 Belgrade SRNA in Serbo-Croatian 1709 GMT 1 Jun 95

[FBIS Translated Text] Belgrade, 1 Jun (SRNA)—Serbian Radical Party [SRS] President Vojislav Seselj stated in Belgrade today that the efforts of the big powers to create an anti-Serb option [as received] in agreement with Slobodan Milosevic are in vain. "We consider that the Serbian president has no authority

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to sign a document recognizing the former Yugoslav republics, because only the federal government has the authority to do this," Seselj said at news conference.

Seselj set out the SRS standpoint, which supports the decision of the Serbs in the [Bosnian] Serb Republic to take UN Protection Force [UNPROFOR] soldiers prisoner in the wake of the bombing of their positions because the UNPROFOR is "a hostile military force."

"Their release would be possible only if the United Nations gives guarantees that there will be no renewed bombing of Serb positions," the SRS president said.

'War-Mongering' Lobby, Seselj Criticized

AU0106194395 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 1 Jun 95

[Report by Dragan Milutinovic—recorded]

[FBIS Translated Text] At a news conference, the representatives of the New Democracy [party] condemned the Serbian Radical Party's obstruction in the federal parliament due to which some very important laws were not passed and a debate was not held on them.

This party also condemns most adamantly a statement by the leader of the Radicals that 100 Muslims should be shot for each Serb killed, considering such statements as befitting of the Fascist democracy of Adolf Hitler.

The New Democracy also suggests to the warmongering lobby of the opposition consisting of the Democratic Party, the Democratic Party of Serbia, and the Radical Party that they exchange the warm rooms and cafes of Belgrade for the things that they are championing; namely, that democracy and the rights of the Serbs are not defended in this way.

As Slobodan Stefanovic said, there is no longer any roasted ox in Pale and, therefore, Kustunica, Djinjic, and Seselj are not there either. They are here in Belgrade, pursuing a policy that does not contribute toward the peace option in the resolution of the Yugoslav crisis.

Call for Direct Bosnian-Serb Talks Viewed

AU0106142395 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 1 Jun 95

[FBIS Translated Text] Recognizing the former Bosnia-Herzegovina as an union of two entities—that is, two states, the Serb Republic and the Muslim-Croat Federation, with the Serb Republic having the right to confederal ties to [word indistinct] and the Muslim-Croat Federation with Croatia—would lead to the final solution to the conflict in that region. This was stated by the Party of Serbian Unity.

If this was then (?followed) by (?direct) negotiations between the Serb Republic and the Muslim-Croat Federation on territorial delineation in the 51:49 ratio, as proposed by the Contact Group's plan, the Serbs could get good quality territory and expand their area, (?that would link them) with Serbia.

The interests of the Serbian nation as a whole is that the conflict in Bosnia be resolved in a diplomatic way as there have been enough military attempts. All wars (?are followed) by negotiations.

The lifting of the sanctions is also in the interest of the Serbian people. The negotiations that are under way can result in that, the Party of Serbian Unity stressed.

Marjanovic Comments on Economic Development

AU3105171295 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 31 May 95

[FBIS Translated Text] Serbian Prime Minister Mirko Marjanovic held a news conference in Smederevo for the participants of the 33d International Journalists Convention. Prime Minister Marjanovic presented the economic development of the Republic of Serbia and replied to numerous questions from foreign and domestic journalists. Jelena Vidic reports from Smederevo:

[Begin recording] [Vidic] Greeting the foreign journalists, Prime Minister Mirko Marjanovic expressed his pleasure of having the opportunity to talk with them and present the republic's economic and political situation, thereby improving the image of the Federal Republic of Yugoslavia as well.

Presenting a complete review of the economic trends in the country, Marjanovic pointed out that under the conditions of sanctions that the international community had imposed on our country, the implementation of the program of the monetary reconstruction and economic recovery led to inflation being curbed and amounting to 0 percent in 1994. Marjanovic explained that production has been resumed and the social product grew by 6.2 percent, which, broken down into individual branches, amounts to the following: 9 percent in agriculture and 6 percent in industry, while the overall economic growth in the republic amounted to 35 percent.

According to Prime Minister Marjanovic, wages increased 11 times and pensions nine as against the time program was introduced, in January 1994.

Marjanovic explained to foreign journalists that, apart from the increase in real wages, an increase in employment and the stability of prices was also realized.

Speaking about priorities of the Serbian Government, Marjanovic pointed out the following:

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[Marjanovic] The main task of the Serbian Government in 1995 is to continue implementing the economic recovery program. This activity is carried out along two parallel tracks: first in the sphere of the current economic policy with a view of maintaining macroeconomic stability and, second, on creating a favorable atmosphere for market operations. Therefore, we have achieved all these results through this program under the conditions of market economy and free price formation.

[Vidic] Prime Minister Marjanovic pointed out the importance of maintaining overall financial discipline in the country, which implies not interfering in budget financing from real sources, repressing monopoly behavior of certain enterprises, price stabilization, and neutralizing gray economy. For all this, according to Mirko Marjanovic, the republican government adopted a comprehensive number of measures of an antimonopoly nature and directed against unlawful trends of business operation, which amount to about 40 percent of registered social product.

As particularly important, Marjanovic pointed out that more than 200,000 dinars have been ensured for the development of agriculture on the basis of state deposits [drzavni depozit]. The purchase of agricultural products this year will be carried out on the basis of prices that will not threaten the monetary system, but will not do so with the future agricultural production either, Marjanovic pointed out.

The Serbian Government is also devoting attention to public enterprises, which amount to 37 percent of the overall potential of the economy. Particularly important here are electricity generation industry and electrical equipment maintenance on which the entire economic life depends, Marjanovic explained.

In this sphere alone, one can see the fatal and merciless impact of the sanctions, Marjanovic said and reminded the foreign journalists that the [UN] Committee for Sanctions did not allow the imports of gas and oil for humanitarian needs and heating. Therefore, Marjanovic recalled that Yugoslav losses due to sanctions reach $50 billion in the sphere of economy alone. However, according to Prime Minister Marjanovic, Serbia expects a satisfactory and promising social and economic growth, even under the sanctions. He explained that Serbia possesses great economic potentials in the fields of traffic, communications, industry, machine building, and other economic branches. There is already interest in investing on the part of our traditional trade partners: Italy, Germany, France, the Benelux countries, China, Russia, Ukraine, and the neighboring countries.

Marjanovic recalled that countries of the Danube and Black Sea basins are suffering great damage because of the sanctions imposed on our country and that it is realistic to expect them to be lifted soon, something about which many foreign journalists asked.

Explaining that the FRY and Serbia are seriously preparing themselves for the period after the sanctions are lifted, Marjanovic said that Serbia is the greatest and best partner to foreign investors in the Balkans and added that, by seriously implementing Dr. Avramovic's program, Serbia is ready to regularly meet obligations toward international partners and financial institutions.

Many journalists' questions regarded the government's ability to implement the program of monetary and economic reconstruction under the existing conditions of sanctions, to which Prime Minister Marjanovic readily replied as follows:

[Marjanovic] We have Prof. Avramovic's program, and on the basis of that program, the Serbian Government (?presented) the program for realizing the 1995 economic policy.

Regarding life and work under the sanctions, we cannot be and will never be ruined because Serbia possesses the potential to feed itself and to live. As for how it is living, it is difficult. However, no sanctions or embargo can destroy a people, however severe they may be. We have no reserve variant apart from the well-developed and established program of Prof. Avramovic and his experts. Our life has shown in this past year that we have managed to keep the economy under control, an economy with the nature of market economy.

[Vidic] Participants of the 33d International Journalists Convention will continue their work in Montenegro today where they will meet President Momir Bulatovic, Prime Minister Milo Djukanovic, and Information Minister Bozidar Jarezic, who will host a dinner for them at the Avala Hotel in Budva. [end recording]

Daily: Croatia Emerging as 'Most Armed Country'

AU3105123895 Belgrade TELEGRAF in Serbo-Croatian 24 May 95 pp 41-43

[Article by Zoran Lukic and Nik Kotej: "This Year Alone Croatia Has Spent $5.3 Billion on Arming and Modernizing Its Army and Will Soon Become the Strongest Military Force in the Balkans"]

[FBIS Translated Excerpt] Considering the military budget adopted by the Republic of Croatia, which stands at $5.3 billion in 1995, one can easily conclude that in the months ahead Croatia will acquire huge amounts of modern infantry weapons, artillery pieces, tanks, armored personnel carriers, fighter aircraft, and helicopters.

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Relating this figure of $5.3 billion to the price list of arms on the world market (the UN embargo on the import of arms, which also refers to Croatia, has long been only a formal thing), the "natural" enemies of the Croats must be very seriously concerned. If Croatia spends this kind of money on the army in the period ahead, it will soon become the most armed country in the Balkans, something like a Balkan Israel.

As TELEGRAF has learned from well-informed sources, after the signing of the accord on the Croat-Muslim federation in Bosnia-Herzegovina, Islamic countries delivered to Croatia the technologically outdated but still deadly Pershing missile systems with a 400-km range. Croatian military strategists are also planning to obtain similar, somewhat more modern missiles with a 700-km range.

The Croatian antiarmor units are currently being equipped with modern Chinese Red Arrow missiles, while air defense units are being equipped with the Russian S-300 missiles for medium and high altitudes. These have proven to be better than the U.S. Patriot missiles or the U.S. portable Stinger systems used for downing aircraft up to 3,000 meters. The pilots of the Croatian Air Force will soon be flying the MiG-29 interceptors and the Russian Mi-28 combat helicopters, which are used against armored vehicles. These have recently been acquired from Germany and the Czech Republic.

The above mentioned MiGs are already in the underground shelters at Pleso airport near Zagreb. The Mi-28 helicopters are being assembled in the overhauling plant in Samobor. The General Staff of the Croatian Army has also made the infantry happy with its expenditures. The members of the guard "elite" brigades will in the future be equipped with modern German G3 assault rifles instead of Hungarian-made Kalashnikovs.

One should not forget the Croatian arms industry either, which was not too busy in the former Yugoslavia except for a few shipyards. After the disintegration of the SFRY [Socialist Federal Republic of Yugoslavia], Prvomajska of Zagreb started to manufacture barrels for multiple rocket launchers. The Djuro Djakovic plant in Slavonski Brod is assembling a (modified) M-84 Yugo tank (the pride of the entire armaments industry of the former SFRY), installing engines used by the German Leopard 2 tank. Djuro Djakovic's monthly output is five tanks on average. [passage omitted]

Special sabotage units from the 2d and 3d Brigades have been trained in special camps in Italy. They are called "GIS" (grupo intervento speciale) [special intervention groups] and are used for terrorist actions in the territory of RS [Serb Republic] and the RSK [Republic of Serb Krajina]. Members of the GIS are also known under the name of leather heads [kozne glave], because they wear impenetrable, leather-lined masks. All these units are now being watchfully trained by U.S. "Blue Light" units from the Green Berets' 5th Group. Members of the 2d and 3d Brigade of the Croatian Army were also trained in the United States and later in training camps in Germany.

The "Croatian Air Force" (HRZ) has two MiG-21 squadrons (about 20 planes) and three MiG-29 squadrons (about 30 planes), which have not flown yet. The HRZ also has 12 Mi-24 Russian helicopters for support for land forces. Recently, Croatia bought another 12 Mi-28 helicopters for antiarmor combat. In the HRZ's arsenal there are also 15 planes that belonged to the former Yugoslav People's Army ("Orao," "Galeb," and "Jastreb..."). In the meantime, these planes have been fitted with new radar equipment received from Germany, computer systems for carrying attached projectiles, and systems for controlling fire.

The Croatian Navy is the weakest link in the Croatian Armed Forces. It has two (modified) combat ships, four pocket submarines, six patrol and missile boats, and two floating platforms with built-in 100-mm guns.

Daily Sees Military Result of RS, RSK Merger

AU2905161895 Belgrade NASA BORBA in Serbo-Croatian 24 May 95 p 6

[Commentary by Djoko Kesic: "The Freezing and Defrosting of War"]

[FBIS Translated Text] If peace ever reaches Bosnia, it will take us a long time to believe that it is not a hallucination, a well thought-out fraud, sent once more so that death could cheat life, kill it in an ambush. We look with mistrust upon the increasing number of messages from the world that speak about an approaching solution to the crisis in Bosnia—not only because peace has "reached" Bosnia in that way many times already, but also because the big powers, as they themselves admit, cannot reach an agreement on how that peace would look, and because, on all fronts in Bosnia, war is raging. Probably not only out of caution, but also from experience, serious political analysts now interpret the mentioned peace messages solely as encouragement for the president of Serbia, Slobodan Milosevic, who has, allegedly, already decided to recognize Bosnia-Herzegovina within the borders it had in former Yugoslavia; however, with all possible caution, they also add that President Milosevic will not make a cheap deal only to get some silly sanctions lifted without a firm guarantee from the big powers that a permanent cease-fire will be reached in

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Bosnia and Croatia and the war ended at the negotiating table.

Unification and Tension

The recent "Blitzkrieg" by the Croatian armed forces in western Slavonia and the decision of the Republic of Serbian Krajina [RSK] to speed up the process of unification with the Serbian Republic [RS] are a serious warning that the mentioned analysis of Milosevic's recognition of Bosnia has no firm basis. Namely, the unification of Serbs living on the other side of the Drina River into one state and military community signals more intense military tensions and conflicts, or else this move can be seen as a loud message to the world that the destiny of Serbs from the RSK and the RS can only be decided in direct negotiations with the Knin and Pale leaderships. Of course, those are not the only dilemmas regarding this new state-building gesture that has not been recognized by the world. However, the crucial question arises of to what extent this unification of the RSK and the RS can disturb the existing military balance of the parties to the conflict in Croatia and Bosnia-Herzegovina.

Many military analysts, hurrying to answer this question, will say that this military alliance has now only been made public, and it already functioned earlier, so that there is nothing new. They will back that up with the fact that some troops of General Mladic have often stayed on the territory of the RSK and that the members of Krajina army participated in the breakthrough in the Posavina corridor and in many operations in the "Bihac pocket." They will also underline that the first test of that military alliance, which Radovan Karadzic and Milan Martic discussed a great deal in the last few months, showed how baseless that alliance is, because the fall of western Slavonia created a dilemma—why did the members of the RS Army not intervene, although that area is within their reach? That dilemma goes together with another one that is far more dangerous and ominous, which alludes to a possible political game and deal, the price of which, besides the territory, was paid with the death of civilians.

Regarding the Croatian military tactics of "nibbling pieces of territory" under Serb control, it seems that this strategy of local and limited operations ended with western Slavonia. Every new attack with similar ambitions, on eastern Slavonia or the Knin region for example, would provoke not only strong resistance by Martic's army, but would also place the Federal Republic of Yugoslavia in a much bigger dilemma, and face it with a challenge, not only of moral nature, to get involved with the war. Whether that would be another "war in which the Federal Republic of Yugoslavia did not participate" or something else this time, is of minor significance. At one time, Western military strategists were afraid that, because, regardless of the weariness of the Yugoslav economy, in the case of an open military conflict between the Serbs and Croats, the Serbs would once again come as far as Trieste. Such analyses have been made despite the fact that Croatia invested a lot of money in the acquisition of arms for its army, that the military budget of Tudjman's state for this year reached the fantastic figure of $5.3 billion, that their army is being trained by U.S. military experts, and that, despite the embargo, they imported the most modern weapons.

In the intelligence service of the Army of Yugoslavia it is claimed that the Croatian Army has become significantly stronger and more consolidated and that it is no longer a chaotic crowd of armed soldiers without firm command coordination. However, they have only managed to create a strong and well-trained body of motorized infantry units of some 15,000 soldiers, whereas the rest of them are still badly trained, frustrated by the dreadful experiences of the first two years of the war, and without a sufficient voluntary response to mobilization. There is also a high level of desertion, of army deserters fleeing abroad to escape the war.

Despite that, the Croatian Army today has 170,000 armed soldiers, 23 MiG-21 military airplanes, 17 helicopters, 1,320 artillery pieces, and 192 tanks.

In the event of an open frontal attack on the RSK, Croatia would have to count on a partial or open involvement of the Federal Republic of Yugoslavia, as well as that of Mladic's army. From the strategic point of view, Croatian territory has a "soft underbelly," at which the Serb forces would cut Croatia in two in the area of Maslenica, they would cut the south of the country off from its head, and Zagreb itself is today only some 30 km from the border of the RSK.

Infection of Smuggling

In the possible war with Croatia, the RSK would not have the strength for something like that. According to the data of the military commentator of NIN, Ljubodrag Stojadinovic, its army has 80,000 soldiers (?), 22 airplanes, 18 helicopters, 560 artillery pieces, and 240 tanks and armored vehicles. Martic's army, as became evident in the fall of western Slavonia, itself falls into the category of "armed people." The Vance Plan dragged it away from war, except for the core of special forces founded by Captain Dragan [paramilitary leader Dragan Vasiljkovic]. Its command personnel are also pretty slow and unreliable. The destructive bacteria of smuggling, profiteering, ideological, and other conflicts have infiltrated the leadership of the army, just like that of the state.

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The military and state union with the RS, if that idea is carried out, for which longer time is needed, could stabilize Martic's army. According to general opinion, however, all that will be difficult, precisely because of personal political conflicts in the leadership of the state and the army. Another big question is: What task was Gen. Mile Mrksic given when he was instated?

The army of Radovan Karadzic, for our circumstances, has good military organization, and despite certain military failures in the last few weeks, it has been based on military success. It has 86,000 soldiers, 40 military airplanes of domestic and Soviet production, 20 helicopters, 800 artillery pieces of various calibers, and 400 tanks. The advantage of Karadzic's army is in its continuous four-year military experience and in the command cadre lead by Gen. Ratko Mladic, probably the most capable commander in this war.

Their main military opponents, the army of the Sarajevo government, has 180,000 soldiers, who are becoming better and better armed, 15 helicopters, 350 artillery pieces, and 80 tanks and armored vehicles. The leadership of Alija Izetbegovic's army has often been changed, it is not well trained, and, at the moment, it is being supported by U.S. instructors. Its ambition is to take control of the whole territory of Bosnia-Herzegovina, which is extremely unrealistic, however, the strength of Gen. Rasim Delic's army is increasing every day. On the other hand, the army of Gen. Ratko Mladic became entrapped in the large territory it wants to retain, and it performs that task with ever-decreasing efficiency.

The war between Croatia and the RSK is probably frozen in this phase. That is why, under these circumstances, Karadzic needs the state and military alliance more than Martic does. A part of Martic's army could cover maneuver gaps in Mladic's military. However, even with that help, the war in Bosnia-Herzegovina can hardly emerge from the stalemate. The balance can only be changed by greater involvement by the Croatian Army on the side of the Croatian Defense Council in Bosnia, which the international community tolerated and still tolerates, since a significant number of Tudjman's soldiers are fighting on the Glamoc-Livno-Grahovo front, in Kupres, and Orasje. From that viewpoint, the keys of a further escalation of war are in the readiness of Croatia to openly become involved with the war in Bosnia-Herzegovina, and in the patience of Serbia, or the Federal Republic of Yugoslavia, to watch all that without open participation, which would probably happen if the Serbs across the Drina River start to lose the war. On the territory of the former Socialist Federal Republic of Yugoslavia that has been inflamed by war, there are around 1 million armed soldiers at the moment. That figure depends on the further development of events; it can be multiplied by two or four, which primarily depends on the interests and intentions of the international community: Whether this war will be ended, whether it will be kept under control, or whether it will spread to Kosovo, Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], and even further afield. This last conjecture is possible, but less probable. What is more certain is the continuation of the controlled war in Bosnia-Herzegovina, with a more open participation of the Croatian army, which, with ever stronger Muslim forces, will, according to the opinion of the West, force Karadzic to accept the Contact Group plan.

All possibilities are open, only: Politicians and arms producers have one logic, whereas every soldier in every trench thinks the same thing—when will this be over?

Kosovo

Hyseni: Albanians Insist on 'Genuine' Dialogue

AU0206064095 Pristina Kosova Daily Report in English 1 Jun 95

[FBIS Transcribed Text] "The Albanian people of Kosova faced two unique alternatives: to accept the anti-Albanian rule imposed by force and thus embrace the repressive policies, ethnic cleansing and Serbianization of Kosova, or accept the challenges and respond to the violence with violence which in turn would bring about a catastrophic conflict engulfing the entire region," said Hydajet Hyseni, the LDK vice chairman in an interview with the Belgrade-based weekly VREME.

Speaking on the prospects of a possible dialogue between Prishtina and Belgrade, Mr. Hyseni said the Albanian side has been pursuing democratic means which include the dialogue itself as well. "However, we have not been putting forth any conditions for setting up a dialogue but we have insisted on a genuine dialogue. Not any dialogue just for the sake of dialogue. One cannot ask to negotiate while calling the other side to shut his mouth," he said.

Commenting on the question why the Albanians do not accept the category "national minority," Mr. Hyseni said Albanians in Kosova can, by no standards, be treated a minority. "How can a people comprising 90 percent of a population be labelled as a minority and the others who scarcely make up a 10 percent a majority?" According to the Constitution of former Yugoslavia, Kosova had its distinctive borders, thus one should put the relations minority-majority within the region one people [nation] lives, said Hyseni.

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Serb Police Raid Ethnic Albanian Homes

AU0206075895

[FBIS Editorial Report] Pristina Kosova Daily Report in English No 627 on 1 June carries several reports on Serbian police raids on Albanian homes in "search" of arms, as well as Serbian "attacks" on Albanian schools, teachers, and pupils.

It is reported that the Serbian-run Magistrates Court in Gnjilane "has extended pretrial detention to nine ethnic Albanians," former officials with the Gnjilane municipal assembly. Seven members of the Independent Trade Unions of the former local administration in Gnjilane and a former journalist with the Pristina Television were held in detention for another 30 days each. The report notes that "they were arrested by the Serbian police on 29 March" and charged with "having allegedly been involved in hostile activity." Their defense lawyers claim that the investigation proceedings against all of them were completed on 3 May, yet the Serbian court authorities have not published any "official indictment."

The Democratic League of Kosova (LDK) sources note that on 31 May, a dozen Serbian security police raided the premises of the Teacher Training College in Prizren. The police "searched all the rooms" where students were holding classes and "seized" materials and college documentation.

It is also reported that apart from the "daily Serbian police pressure against the Albanian school, pupils and teachers" in order to "obstruct the normal flow of Albanian education," the Serbian police "have launched a new method of attacking these institutions and employees." Under the known pretext of arms inquiry among Albanians, the Serbian police raided primary schools in Podujevo and Bajgink village.

A report from Vucitrn notes that on 30 May, the Serbian police raided the home of an Albanian in Vucitrn in "search" of arms. Although "no arms were reported found," the Serb policemen "beat up severely" his two sons. Under the same pretext, the police raided the home of another Albanian at Pasome village and "ill treated" his family members.

A report from Skenderaj says that on 30 May, the Serbian police arrested two residents from Llaushe village and raided their homes. The Serbian police also detained an activist with the UNICOMB party in Gnjilane, who was subject to "exhaustive interrogation" and was threatened to "face harsh consequences" if he would "report" his detention.

On 26 and 27 May, the Serbian police raided the homes of two Albanians in Zheger village and Gnjilane. The police arrested one family member, who was subject to "severe beatings while in custody." On 29 May, the Serbian police raided the home of a resident at Korrotice village in Glogovac and detained his brother "in connection with arms possession." The detainee was reportedly subjected to "ill treatment" at the police station in Glogovac.

Pristina Trial Attempt 'To Intimidate' Albanians

LD3105201995 Tirana Radio Tirana in English 1830 GMT 31 May 95

[FBIS Transcribed Text] The first trial session against 72 Albanians has started in Pristina. After the charge was read, many of the defense attorneys demanded the postponement of the process for one more week.

The prosecutor read the accusation, and the jury decided the postponement of the trial till June 12. After the end of the session, the leader of the Council for the Protection of the Human Rights and Freedoms in Kosovo, Aden Demarci, said the claims of the Serbian powers stand behind this process.

He said it aims to deceive the international community by suggesting to it that the Albanians in Kosovo are preparing something dangerous, and the Serbian power is forced to maintain the martial law in the Albanian territory. According to Demarci, the trial aims also to intimidate the Albanians. The jury say the trial will last one month.

Refusal To Build Settlements for Serb Colonizers

AU3105171995

[FBIS Editorial Report] Pristina Kosova Daily Report in English No. 625 on 30 May carries several reports on Serbian police "raids" of Albanian homes, as well as Serb attempts to set up "settlements" for the Serb colonizers in the province.

It is reported that the "Serbian-installed authorities in Mitrovica" started to build a "settlement for Serb colonizers" in the Albanian cemetery in the Zvecan i Vogel village in Mitrovica. The Democratic League of Kosova (LDK) Information Commission in Mitrovica notes that "three construction firms from Serbia and the Serb-run firm Kosova from Vucitrn started yesterday digging the ground in laying out the foundations for the first building." The excavators "dug out several skeletons and skulls of the corpses buried in the area." The report notes that the Albanian employees of the Kosova construction firm involved in the construction of the settlement "have refused to carry on working" and went "on strike." The commission says that the village residents and the Albanian workers initially "protested to the management of the firm," but the Serbs "turned a deaf ear on them."

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Another report says that a Serbian police expedition on 25 May "undertook a wild campaign" against residents in the Gjinoc village in Suva Reka by "ill treating and harassing" 12 Albanians. Sources in Suva Reka report that "under the pretext of arms searches," a Serb expedition of over 20 policemen raided the homes of nine Albanians and "behaved savagely" by "ill treating and harassing" dozens of family members. Three Albanians were arrested by the police, undergoing "severe beatings while in custody." The LDK Information Commission in Suva Reka reports that the Serbian police on 24 May arrested an Albanian from the same village, who was subject to "severe ill treatment in connection with alleged arms possession."

The Serbian State Security in Podujevo on 29 May summoned a member of the district LDK presidency to "so-called police informative talks" and questioned him about his "political activities and the activities of his party in his district."

Another report notes that on 26 May, a market day in Malisevo, "the Serbian fiscal police, backed up by Serb policemen, plundered the Albanian merchants," seizing goods worth 10,000 German marks. LDK sources also report that "no certificates to confirm the seizure of goods were released to the merchants."

LDK sources report that over the past weekend, "unidentified persons" raided the offices of the LDK, Kosova Peasants Party, and the Sports Association in Malisevo, stealing "equipment and other materials in these offices."

Report on Serb Police Arrests, 'Harassment'

AU3005201595

[FBIS Editorial Report] Pristina Kosova Daily Report in English No. 624 on 29 May carries several reports about Serbian police arrests and "harassment" of the Democratic League of Kosova (LDK) leaders in various areas in the province.

It is reported that the Serbian police raided a local elementary school at Banulle village, while an indoor meeting of the Lipljan LDK branch was being held. The Serb policemen "checked the ID's of all the participants" and "seized the documentation and papers" of the party. The report notes that "Xhevat Olluri, chairman of the LDK branch, and Selatin Ratkoceri, chairman of the municipal Financing Council of Lipljan, were detained by the police and interrogated for several hours at the local police station." LDK sources in Lipljan report that all the meeting participants "had their ID cards seized by the police" and they were "ordered to report at the police station in Lipljan."

Sources in Pec report that the Serbian police have "stepped up harassment" against LDK leaders and activists in Pec and Istok municipalities. On 24 May, Ibrahim Gashi, chairman of the LDK subbranch at Baran village, and Naim Krasniqi, an LDK activist from Vranoc village, were held in the Serbian police custody for several hours. On 26 May, the Serbian police summoned Lah Kastrati and Hajzer Tahiraj, chairmen of the LDK branches at Doberdol and Kernine villages, to report to the police station in Pec. Mr. Tahiraj was reportedly "beaten up severely" while "in custody" and "ordered to report again at the police station."

Reports from Kamenica note that the "harassment" of LDK and other political activists in Kamenica "continues unhindered." On 26 May, the Serbian police summoned a local government member to "so-called police informative talks" and interrogated him about "his political activities." On 27 May, the Serbian police detained Jusuf Morina, chairman of the Kosova Peasants Party branch in Kamenica, and Nexhat Rexha, member of the district LDK Presidency and chairman of the LDK Information Commission in Kamenica, and interrogated them about "their parties' political activity" and the "functioning of the district government." LDK sources in Kamenica report that one of the political leaders in Kamenica is still being "held in custody" in Gnjilane.

LDK sources in Orahovac report that on 25 May, the Serbian police in Orahovac searched the home of a young Albanian at Drenoc village. As the youngster was not at home, the police "ill treated" and beat his father who is "receiving medical treatment" at the Dakovica city hospital. The Serbian police also "beat up" a teacher of English at the local primary school in Orahovac.

A report from Istok notes that the Serbian police detained a resident in Dubrave village and beat him severely "in connection with alleged arms possession." On 26 May, the Serbian police arrested an Albanian in Kernine village, who was "beaten up severely" and had to "seek medical treatment afterwards." Sources in Lipljan say that a resident in Dobraje village was "brutally beaten up" at the police station in Lipljan under the pretext of "arms possession."

It is reported that the Serbian police in Suva Reka have been intensifying repression against Albanian residents in Gerjkoc village. Under the "pretext of arms possession," the Serbian police arrested four Albanians, who were "ill treated" for several hours at the police station in Suva Reka. On 24 May, the Serbian police in Vucitrn arrested a resident in Strofc village, who was "ill treated for several hours" under the "excuse of alleged arms possession." On 25 May, the Serbian police searched the home of a resident in Dumnice village and

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arrested his son. It is reported from Mitrovica that on 25 May, the Serbian police searched the home of a young Albanian in Mitrovica, who had deserted from the former Yugoslav Army in 1991. On May 26, under the "alleged suspicion of arms possession," the Serbian police summoned an Albanian to report at the police station and "ill treated" him "severely."

On 26 May, the Serbian police in Mitrovica beat up an Albanian, his two sons, and one of their relatives. The man was reported to have "suffered grave body injuries" and "taken to the Mitrovica town hospital," but his health condition "is not improving at all."

'Staged' Trial of 28 Former Policemen Resumes

AU0106170695

[FBIS Editorial Report] Pristina Kosova Daily Report in English No. 626 on 31 May carries several reports on a "staged trial" against 28 Albanians in Gnjilane as well as cases of Serbian police "repression."

It reports that "the staged trial against 28 Albanians, former employees with the Kosova police force, accused for hostile activity and having allegedly been involved in establishing a parallel police force in Kosova, resumed yesterday at the Serbian-run District Court in Gjilan [Gnjilane]." The Pristina-based BUJKU reports today that after "examining" the accused persons and "hearing" the witnesses, the trial proceedings continued with the presentation of evidence that has been used in "incriminating the accused persons." On 30 May, the court authorities brought to the courtroom "several telephone and fax machines, personal cameras, and wireless sets," which were allegedly used to carry out "hostile activities" by the former police personnel and members of the Independent Trade Unions of the "former Kosova Interior Ministry." The defense attorneys argued that "such materials could not be exploited as proof in incriminating anyone, for radio sets, telephone and fax machines can be found in dozens of thousands of families in Kosova." The lawyers also requested that a "so-called decree of the Government of Kosova in Serbian language be read out in the courtroom but the Serb judges rejected to do so." The lawyers have been arguing that the "alleged decree is but a forged document because it is in Serbian and was allegedly signed in 1991 by Bujar Bukoshi, Kosova prime minister in exile, at the time he was not even appointed a prime minister yet." The report also notes that "none of the accused persons were found in possession of a single copy of the decree when arrested or when having their homes searched by the Serbian police."

The Democratic League of Kosova (LDK) sources in Skenderaj report that on 27 May, "heavy" Serbian police forces "besieged" the house of an Albanian at Rezallk village in Srbica and arrested his son, who was "taken to the military prison in Nis" in Serbia.

A report from Suva Reka notes that, on 27 May, the Serbian police summoned a resident in Gjinoc village to report to the police station in Suva Reka. On 26 May, the Serbian police in Skenderaj "besieged" the home of an Albanian from Grabick village, who was "arrested" and taken to the police station in Skenderaj, charged with "being in possession of arms."

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